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NOVEMBER 12, 1986

A Cahners publication serving the total foodservice industry

RESTAURANTS & INSTITUTIONS

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Vol. 96 No. 23

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Saga Corp. even more firmly establishes Marriott as a leader. The airline catering division is world leader in the field, servicing 150 airlines with facilities in 70 airports.

An important factor in Marriott's success has been the company's creative use of financial techniques.

Marriott claims to be the first company to do tax syndications in the hotel business. Since it began, the company has done close to a billion dollars worth of syndications, allowing it to use its own money in other ways —just another reason Marriott has become a giant in the hotel and foodservice industry.

James Nassikas is a "hotel man's hotel man," and in love with the business. And his guests are in love with the Stanford Court, for it is like no other American hotel.

Nassikas set a high standard with the 408-room hotel, completed in 1977, and can be credited with many firsts in U.S. hotels: first to have an armoire disguise the TV; first to have a towel warmer in the bathroom; first to have a tiny TV next to the wash basin.

Stanford Court is Nassikas' dream come true. Very early in life he knew he wanted a hotel of his own. He began his career at the hotel school of the University of New Hampshire. "School never meant anything to me until I began working in the vast kitchens of the university's dining rooms, waking early, baking breads, poaching eggs, frying bacon, doing practical things," he reminisces. "Suddenly my career direction became meaningful."

One of the many ways Nassikas built his hotel was to select an interior designer who had not done a hotel before: Andres Delfino. He gave Stanford Court a more residential look, lending originality, especially in the restaurant, Fournou's Ovens.

And since Nassikas knows so much about gastronomy, he is his own food and beverage director. Many critics rate the cuisine as superlative, for his perfectionism affects food as well as service. The restaurant's roasts—prepared in colorfully tiled ovens that are fueled with oak—win continual favor.

At Fournou's Ovens, regular guests even have their own private wine bins. But this original twist is hardly necessary since Nassikas' wine cellar is part of what has made him so famous and justifiably proud of the Stanford Court.

—Jeff Weinstein

Bill Marriott discusses desserts at a test kitchen.

■ **FINANCE**

Merger, Acquisition Climate Attractive

New tax laws could accelerate end-of-the-year purchases.

Most stock analysts agree that in 1987 the foodservice industry will remain attractive for takeovers and consolidations.

Analysts say a slightly depressed industry won't hold back companies looking to buy restaurant companies because stock prices are lower than last spring, while the industry environment has remained constant. Per-unit sales for 1987 are projected to rise at no more than 2%.

New tax laws could accelerate the sale of some restaurant properties before the end of 1986, says Richard Pyle, analyst for Piper, Jaffray, Hopwood in Minneapolis. The increase in the capital gains tax rate will make it more profitable for a company to sell in 1986 rather than 1987. Buyers should be able to pay more before the end of the year because when the tax rate goes up, buyers will have to compensate sellers for the tax increase.

A major stumbling block for takeover activity is going to be the uncertainty investors might have about the state of the industry relative to its growth prospects, says Jay Fairfield, analyst with A.J. Edwards, St. Louis.

"I think the industry has definitely reached a more mature phase than most people give it credit for," says Fairfield. "You can't expect major companies to grow at a 15% to 20% rate over a three- to five-year period. You'd have to see major chains going out of business, but I don't see that."

There are, however, positive effects of expected slower economic growth in 1987. Steven Rockwell, senior analyst with Alex Brown & Sons Inc. in Baltimore, expects an increase in takeover bids because of the flushing out of "dying wood" in the foodservice industry.

"One of the problems in the industry is that there has been overbuilding," says Rockwell. "If you eliminate some of the competition, that makes the market bigger and more profitable for the survivors." *—J.W.*

ACQUISITION ACTIVITY CHARTED

The following Food Institute research figures compare the number of takeovers by various industry groups for the first eight months of 1985 against the first eight months of 1986.

	1986	1985
Foodservice firms	34	37
Hotel chains	4	8
Supermarkets	27	12
Convenience stores	14	15

Source: Food Institute, Fairlawn, N.J.

R&I EXCLUSIVE

■ 1986 GROWTH CHAINS

Growth Chains Wind Up to Deliver Big Competitive Punch

—Elizabeth Faulkner, Jeff Weinstein, Howard Schlossberg, Brad Stratton and Monica Kass

Hey look them over! *R&I* presents the 1986 Growth Chains, most of them indeed fresh-out-of-clover and mortgaged up to here, waving franchise papers still moist from the signing and public offerings of "penny" stocks.

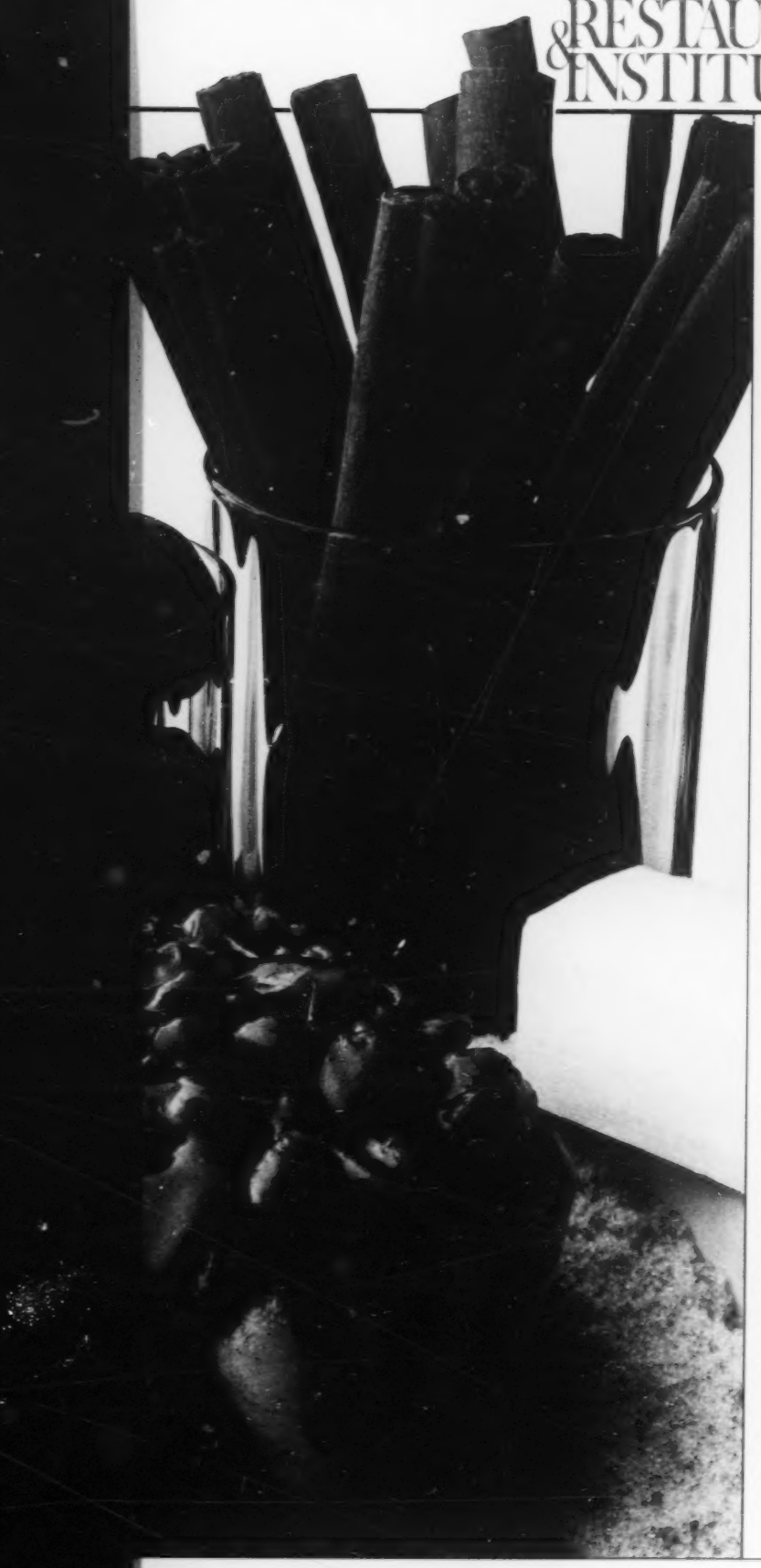
Who are these entrepreneurs, venturing into an industry others say has reached saturation? They are former chain executives—Kenneth Hill, Phil Romano, Ed Chin. They are independents bitten by the expansion bug—Arnie Morton, Ruth Fertel. And they are lawyers, teachers and television cameramen.

Growth Chains '86 is a feast for the senses. Its sights are white tile, neon blue, art deco, "nearly European"; its sounds come from the '40s, '50s and '60s. Its aromas are sweetly redolent of cinnamon or mesquite, and pungent with garlic-soy marinade. Its tastes are the bite of a black-pepper pasta, the surprise of a BLT pizza.

The nearly 90 companies that follow, chosen from hundreds of possibles, are not just a study in the workings of the American Dream, but an early-warning system for established chains and a hint of the shape of the industry to come.

The following are abbreviations used in Growth Chains. PC: parent company. AUV: average unit volume. MM: millions. *: *R&I* estimate. N/A: not available. fy: fiscal year.

RESTAURANTS & INSTITUTIONS



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R&I EXCLUSIVE

■ **1986 GROWTH CHAINS**

BAKERY

Ooey-gooey cinnamon rolls are the ultimate impulse purchase.

Cinnabon World Famous Cinnamon Rolls, Seattle. 1986 sales: $3.1MM. 32 units 1/1/87. Rich Favaro, director of operations; Rich Komen, chairman.
When Favaro discusses cinnamon rolls, he talks about their "goo factor" as a true measure of quality. "A cinnamon roll should never be dry," says Favaro. "Take ours for instance. The goo-factor is really high. We put 2½ pounds of 'goo' (brown sugar, cinnamon and margarine) into 12 cinnamon rolls."

Komen opened the first Cinnabon in 1985. One year later he has opened 31 more, all company-owned. They are located in Los Angeles, San Francisco, Washington, D.C. and Chicago, and grossing $285,000 to $325,000 per unit. He projects the addition of 25 to 30 more units next year.

The tiny units, 500 and 800 square feet, are outfitted with stainless steel, marble, tile and glass for a super-clean look Favaro describes as "almost European."

Cinnabon World Famous Cinnamon Rolls

Puffs

HIGH ON THE EDGES AND FLAT IN THE MIDDLE

Golden Fresh Puffs, San Francisco. 1986 sales: $675,000. 7 units 1/1/87. Tim Ryan, president; Stanley and Michael Stern, founders. PC: Sourdough Puffs Co.
Related to the Italian *zeppoli*, Hungarian *langosh* and french *beignet*, the Golden Fresh Puff is a 5-inch-wide fried-bread disk with a dimpled center that can be filled with everything from tuna salad to fruit and custard.

Because it deep-fries quickly and appeals to a wide range of tastes, it fits perfectly into the prepared-while-you-watch food niche that's been taking mall food courts by storm.

Its creators Michael and Stanley Stern joined forces with former Magic Pan president Tim Ryan in 1984 to expand the company nationwide. The company will have seven total units operating in the Southwest by year's end.

The company is licensed to franchise in 35 states and has received commitments from multiunit franchisees for 220 units, 50 of them to open in 1987.

OLD-FASHIONED NEWBURY

Newbury Muffins Inc., Chicago. 1986 sales: $295,000. 3 units 1/1/87. Sam Davis, president.
Employees weigh, measure, mix and bake muffins each morning. Smiling senior citizens in Victorian blouses and white ruffled aprons serve them. And whatever doesn't sell by day's end is donated to a shelter for the homeless at night.

Sound old-fashioned? It's supposed to. Sam Davis wants his shops to exude the down-home goodness he's always associated with fresh baked goods.

Davis' muffins weigh between 7 and 8 ounces and range from mocha-chocolate-chip, dipped in white chocolate and topped with strawberries, to a Cajun muffin loaded with shrimp, jalapeños, cheese and cayenne pepper. Davis rotates 250 muffin varieties, serv-

Golden Fresh Puffs

ing only eight kinds at a time. He plans to open between seven and 10 stores next year but has no plans to franchise.

BUNS 'N STUFF

Cinnamon Corner, Iowa City, Iowa. 1986 sales: $900,000. 6 units 1/1/87. Thomas Barbee, president; Norman and Martin Rich, principals.

"We knew from the start that we'd be offering more than just cinnamon rolls," Thomas Barbee says. "With the amount of competition out there, we knew the market was sure to become glutted so we've tried to keep from falling in that crevice."

Rather than count on the lasting popularity of one product, the company offers several: cinnamon buns in two sizes (6 and 8 ounces), a pecan sticky roll, six muffin varieties, a cinnamon croissant, cinnamon crisp, gelato and sorbeto. Checks average $3.25.

Currently located in predominantly middle-sized markets of Davenport, Iowa; Columbia, Mo.; and Evansville, Ind., Cinnamon Corner is expanding into larger markets: St. Louis, New Orleans, Miami, Fla. and Atlanta. "And we're close to making a deal in Minneapolis," says Barbee.

The Cinnamon Corner

WHAT A LOCATION

Zaro's Bread Basket, New York. 1986 sales: $9MM. 17 units 1/1/87. Stuart, Andy and Joseph Zaro, principals.

Stuart Zaro calls it the "busiest bake shop in New York," and he's undoubtedly right. Up to 500,000 commuters pass his shop in Grand Central Station every day. And he serves an average of 15,000 of them.

Zaro's now has seven other company-owned New York stores, eight franchised units in the suburbs (six of them built in 1986) and franchise agreements for 20 more stores in Boston, Washington, D.C., and Florida next year. Franchise fee is $30,000 with 5% royalty.

Stuart attributes Zaro's success to the quality of the goods, (bagels, breads, muffins, etc.) baked fresh daily with all natural ingredients and no preservatives. The fact that the company has been serving New York since 1935 doesn't hurt.

CINNAMON SCENTED SUCCESS

T.J. Cinnamons Ltd., Kansas City, Mo. 1986 sales: $10MM. 80 units 1/1/87. Kenneth Hill, president; Ted and Joyce Rice, co-founders.

Planning for an early retirement, Ted and Joyce Rice were trying to come up with suitable ideas for supplementary income, when they saw a man baking and selling cinnamon rolls at a state fair. After testing out various recipes the Rices produced the 4-by-4-inch half-pound handful of a roll that is now the signature item in 80 T.J. Cinnamons shops.

The Rices initially sold the buns from a 20-foot mobile bake shop that traveled to state fairs. Their first permanent bakery did so well that it attracted the attention of Kenneth Hill, then president of Gilbert/Robinson Inc.

Franchising started in September of 1985 (franchise fee is $15,000 with 5% royalty) and by the end of this year the company will include 80 franchised units and 7 company-owned stores.

T.J. Cinnamons Ltd.

R&I EXCLUSIVE

■ **1986 GROWTH CHAINS**

ORIENTAL

Most honorable entrepreneurs find success woked-to-order.

TO WANG WITH LOVE

Master Wang's, Springfield, Mo. Projected 1986 sales: $1.5MM. 8 units 1/1/87. Clifford Beauchamp, president.

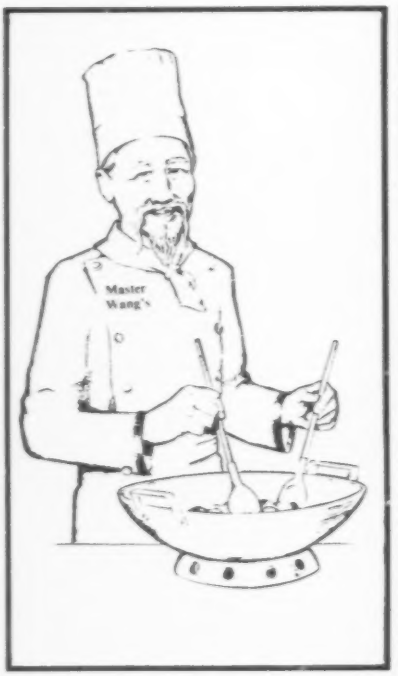
Just like raising a child, Cliff Beauchamp says, raising his business requires a lot of tender loving care.

Now in its 12th year, Master Wang's puts most of its TLC into the specialty of the house, cashew chicken. The menu also features green-pepper steak, shrimp, beef and pork fried rice, crab rangoon and freshly made egg rolls.

The Springfield, Mo., area is home to 36 Chinese fast-food concerns. Beauchamp says his competitive edge stems from his management style and preparation technique. The units have no microwaves and everything is cooked fresh.

The heavy competition also has resulted in an aggressive marketing campaign, which resulted in a 40% increase in sales last year.

The initial franchise fee for a Master Wang's is $10,000 with 4% royalty. Initial investment ranges from $60,375 to $65,425.



Master Wang's

BELLE SENSITIVE TO BELLES

China Belle, Dallas. Projected 1986 sales: $975,000. 6 units 1/1/87. Norman Shum, founder and CEO.

Sensitivity to consumer needs and the flexibility to cater to those needs quickly is how Norman Shum created the success of China Belle restaurants located in regional shopping malls in Dallas, Houston and Tulsa.

The fast-service, takeout chain has targeted as its customers femal·s between 19 and 45 years old with an income of more than $22,000.

Shum's menu includes small portions because he feels women consider Chinese food light fare. Combination dinners allow for the selection of six specialty items from sweet-and-sour dishes to pepper beef. Popular snack items are won ton and egg rolls. Average check is $4.34.

Shum is planning expansion into strip centers. He is not franchising, but is considering an owner-operated joint partnership program.

China Belle

RICKSHA TO THE RESCUE

Ricksha Xpress, Tempe, Ariz. Projected 1986 sales: $1MM. 3 units 1/1/87. Ed Chin, president.

Imagine a motorized ricksha pulling a pagoda-shaped trailer. It pulls up to a college campus. The sides of the trailer slide down. And there you have it—a Chinese restaurant on wheels.

Ed Chin, developer of Oriental restaurants, including Benihana of Tokyo, is bringing his unique dream of Chinese fast food to reality for the first time.

Delivery of upscale menu items is expected to account for 70% of the business. A separate fast-food menu will cater to walk-in business. Checks at the stores range from $2.50-$6. Delivery and catering checks will range between $8-$20.

Ricksha Inc.'s penny stock jumped to 75 cents in September when Chin called for 40 unit openings in 1987. The franchise fee is $50,000 with 6% royalty.

STICKING TO BASICS

House of Yakitori Japanese Restaurant, Colorado Springs. Projected 1986 sales: $1.9MM. 6 units 1/1/87. Rick Reamer, president. PC: 3-Y Corp.

YAK-I-TOR-I (yak-i-TOR-E) n., Japanese. 1. Barbecued chicken skewered on a stick cooked over an open grill and basted with a thick, tasty sauce (soy, sugar, garlic, spices). 2. Traditional Japanese food originally sold by pushcart vendors, later in small specialty restaurants. 3. HOUSE OF, competitive chain of franchised restaurants offering fast, friendly service at a moderate price.

Since it converted an old Winchell's doughnut shop in 1980, 3-Y Corp. now owns two and franchises four operations with plans to franchise 10 more units in 1987. The franchise fee is $18,500 with 6% royalty.

House of Yakitori

Mark Pi's China Gate

HIS ROYAL NOODLES

Mark Pi's China Gate, Hilliard, Ohio. Projected 1986 sales: $22MM. 27 units 1/1/87. Mark Pi, president and CEO.

Holder of the Guinness world record for ancient Chinese-noodle making, Mark Pi turns out dishes once served to Chinese royalty and seasons them to fit Midwest taste buds.

The China Gate caters to the 30-and-over female and everyone in the 50-and-over crowd. Pi does not use monosodium glutamate in his food and adheres to American Heart Association creative cuisine techniques—low salt, low cholesterol.

Since China Gate's inception in 1981, most new units have been scattered throughout Ohio, with one in Michigan and one in Indianapolis. Pi forms a partnership with each new owner with the option to buy.

Wonton Express

WONTON, AND DON'T MAKE IT SNAPPY

Wonton Express, San Antonio. Projected 1986 sales: $2MM. 5 units 1/1/87. Roger Harvin, president.

Pricing itself below the competition is *the* strategy at newly formed Wonton Express.

Don't expect a snappy motto or a coupon battle from the management team led by President Roger Harvin, who took Church's Fried Chicken through its greatest growth period. Harvin took Church's simple strategy with him to Wonton Express—more product at a lower price.

The Chinese wok is the centerpiece for Wonton's food preparation, which balances the delicacy of quick-fry cooking to order with the demands of fast-service food customers. Americanized recipe favorites include lemon chicken, egg roll and won ton. Average check is $4.52.

Franchising will begin in May 1987 at a $15,000 fee and 4% royalty. The company expects to franchise six units and open 10 to 15 company-owned restaurants in 1987.

continued on page 42

R&I EXCLUSIVE

■ **1986 GROWTH CHAINS**

SANDWICHES

Sub shops surface with desserts and salads on their menus.

A DOM BIG DEAL

Big Dom's, Albany, N.Y. Projected 1986 sales: $2.5MM. 11 units 1/1/87. Dominic Basile Jr., chairman and CEO; Joseph Basile, president.

Big Dom's took over the once-venerable Albany institution Walt's Subs in the '70s and now plans growth. Eight units will be added in 1987, and the company also will begin franchising. All units are currently in metro Albany.

Beyond subs, the menu includes made-on-premises ice cream and yogurt. The most-popular sandwiches are the Philly and the hot meatball. In all, the menu includes 80 sandwiches, hard and soft ice cream, sundaes, milkshakes, cakes, frozen tofu and soft-freeze fruit confections.

AN ORIGINAL
Big Dom's
SUBMARINE SANDWICH SHOP

Most units have no seating and handle primarily takeout business. Delivery is offered on orders of 10 sandwiches or more. One unit with 60 seats has been the highest-grossing in the chain since its opening. Big Dom's is planning to build more units based on that design.

Sub & Stuff

Bubba's BREAKAWAY

THE NITTANY LION

Bubba's Breakaway, State College, Pa. Fiscal 1986 sales (7/31/86): $9MM. 40 units 1/1/87. Anthony Wedo, president.

Penn State grad Wedo stayed on campus after graduation to deliver subs and sandwiches to the student body. Now he is going to build 150 stores in five states during the next five years.

Bubba's menu includes subs, sandwiches, bagels, soups, salads and pirogis (of Polish origin; cheese and potato stuffed into a dumpling shell).

Founded in 1981, the company had 18 franchised units as of September, two company-owned. The franchise fee is $75,000. Wedo says he probably will go public eventually.

Bubba's speeding grandma logo illustrates its 29-minute guaranteed delivery offer. Business is 80% delivery. Only a few units have seats.

CAN'T GET ENOUGH OF THAT

Sub & Stuff, Hutchinson, Kan. Projected 1986 sales: $11.25MM. 25 units 1/1/87. Louis Stoico, president.

Sub & Stuff specializes in Philadelphia Steak sandwiches, plus The Original—its signature sub sandwich. A 300-square-foot dessert bar serves frozen yogurt and ice cream with candy-bar toppings.

Business breaks out 45% drive-thru, 45% eat in and 10% carryout. Newer units seat 60 and do $450,000 in annual sales. Average check is $3.75.

Switching gears, the company will add more seating and drive-thrus to

push traffic. "Can't Get Enough" is the firm's marketing slogan.

With 13 units franchised, Sub & Stuff is looking to expand beyond its Midwest markets. The 9-year-old company won't seek a public offering yet, but rather second-tier financing in the form of venture capital.

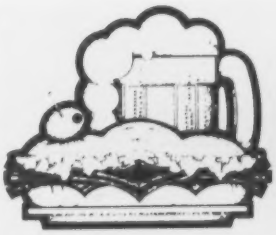
FACTORY LINE

Sandwich Factory, Edina, Minn Projected 1986 sales: $2.5MM. 6 units 1/1/87. Daniel Borden, president.

The "Factory" cranks out $500,000 average unit volumes with an average check of $4. Its menu includes subs, soups and salads. Its concept is self-serve, grocery-store style (multiple cash registers), with takeout and delivery offered. That works well, says Borden, in Sandwich Factory's principal locations at office and industrial-park complexes. The company has no mall locations.

No franchising is planned yet for the 6-year-old concept. All units now are in the greater Minneapolis area, but Chicago is on the drawing board. Borden, just 28, wants to expand company-owned operations first before considering franchising or a public offering.

So far, he has expanded cautiously. After the initial store opened in 1980, a second did not open until the first turned profitable in 1982. Nos. 3 and 4 did not open until 1985. Now a slightly more-rapid expansion rate is planned.



the sandwich factory inc.

THAT QUIZ-EE FEELING

Quizno's Classic Subs, Denver. Projected 1986 sales: $6.3MM. 22 units 1/1/87. Toda Pisner, president

Quizno's is breaking away from the submarine sandwich shop traditional walk-up image with free-standing stores, or what Disner calls "shoppettes," 2,400-square-foot units. One unit has a drive-thru.

The Italian sub, on the company's specially made French bread, is Quizno's No. 1 seller. The menu includes 16 sandwich varieties, three soups and three salads. Founded in 1980, the company has 10 franchised units. The average check is $4.52. New-look units seat 74 patrons. Two units are testing alcoholic beverage service to see if it improves dinner sales.

Moving out of Colorado, Quizno's has targeted Florida, Chicago, Texas, California and New Mexico for both company and franchisee expansion.

VERY MERRY JERRY'S

Jerry's Sub Shops, Gaithersburg, Md. Fiscal 1986 sales: $28MM. 55 units 3/31/86. Adam Schwartz, CEO; Dave Terzian, COO.

Jerry's is on a roll, figuratively and literally. The chain has been growing nicely and recently acquired Jack's gourmet specialty shops in Maryland.

The Steak and Cheese sandwich is the No. 1 seller on a menu that offers a seafood salad sandwich as well as pizza. The 32-year-old company does heavy traffic in takeout trade.

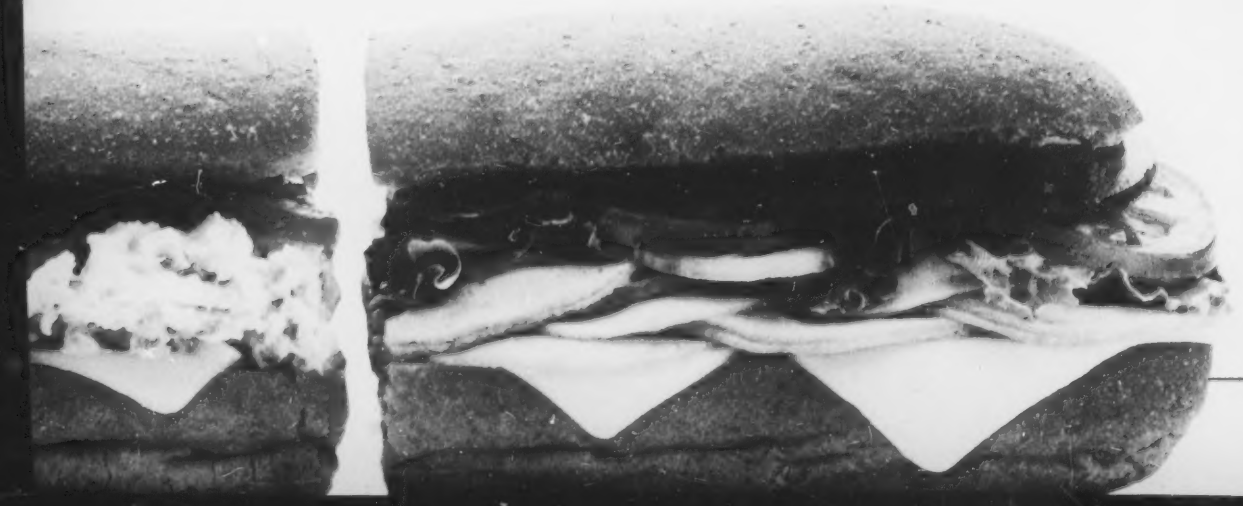
With 53 units currently franchised in markets up and down the Eastern seaboard, Jerry's is planning to add 250 stores during the next five years, both free-standing and mall locations.

One of Jerry's strengths is its flexibility. The company operates successful 500-square-foot mall locations as well as 3,000- to 5,000-square-foot free-standing units.

Average unit volume is $520,000; average check is $4.80. Alcoholic beverages account for 10% of sales.

continued on page 46

Jerry's
Famous Over Stuffed
Subs & Pizza
Since 1954



R&I EXCLUSIVE

■ **1986 GROWTH CHAINS**

MEXICAN

Operators put their pesos on South-of-the-Border success.

ONE GOOD PAPA BEGETS ANOTHER

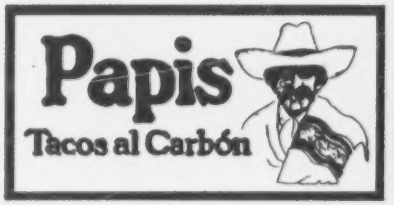
Papi's Taco's al Carbon, Riverside, Calif. 1986 sales: 1.3MM. 6 units 1/1/87. Christ Manes, president.

Inspiration for this chain, founded in 1982, was a small mom-and-pop Mexican cafe in East LA. Papi's menu, like that cafe's, features charbroiled steak served in two soft-steamed tortillas, plus a variety of marinated pork, chicken, vegetarian and egg dishes and a Mexican-style sandwich called a torta. Beverages include the Mexican natural drinks Tamarindo, Horchata and Jamaica.

To Papi's credit, prices for the food have not changed much since the first unit opened in 1982 (checks average about $5.) "We are trying to develop a fast-food restaurant with gourmet food," Manes says. "We don't cook with lard; instead we use peanut oil and cottonseed oil. There are no preservatives in the food."

The company is building a commissary in Riverside to service both the existing Riverside units and another six units which are scheduled to be completed in Orange County next year.

Alfonso's Mexican Restaurants



SAN ANTONIO FONZ

Alfonso's Mexican Restaurants, San Antonio. 1986 sales: $9.5MM. 12 units 1/1/87. John Burke, president and CEO.

Burke and his wife Diane started this chain in 1981 with $40,000 and some favorite recipes. They located it in a vacant hamburger stand on some family property. Since then the company has expanded to include 11 fast-food units in San Antonio and one full-service restaurant called Casa Flamingo's, in Austin.

Burke says Alfonso's low prices ($3.50 check average) can be attributed to the company's central commissary system. With the exception of items such as fajitas, guacamole and flour tortillas, food is prepared at a commissary and delivered fresh each morning.

Before Alfonso's, Burke, who is the son of the late San Antonio City Councilman E.J. Burke Jr., worked for his family's real estate development firm. He says the expertise he acquired has been useful in finding choice locations for his restaurants.

Although he has no plans to franchise, Burke plans to continue expanding company-owned units in the San Antonio market. Look for up to eight more next year. AUV: $1MM.

LITTLE ROCK'S LITTLE MEXICO or HEAP S OF FAJITAS

Mexico Chiquito's; Chiquito's Mex-to-go, North Little Rock, Ark. 1986 sales: $7MM. 7 units 1/1/87. Jerry Haynie, president.

Mesquite-grilled fajitas sold by the

pound and half-pound account for 15% to 20% of the company's total food sales. That's a lot of fajitas.

Restaurant owner Haynie, a franchisee with 16 Kentucky Fried Chicken stores in Central Arkansas, bought the original Mexico Chiquito's (est. 1935) in 1979 when he saw great growth potential in the area for a Mexican food chain.

He spent the next several year's expanding the restaurant's good reputation with an additional two full-service units before opening his first fast-food unit, Chiquito's Mex-to-go, in 1983. Fast-food AUV: $750,000. Full-service AUV: $4MM.

Since then Haynie has added three more Mex-to-go's in the Little Rock area and has plans for an additional three in the next year.

JUST A COUPLE'A REGULAR GUYS

Dos Hombres, Kansas City, Mo. 1986 sales: $6MM. 6 units 1/1/87. Doc Miles, chairman and CEO, R.J. Samuels, COO.

"We're from Kansas City, so we have an interest in building a strong business here," says Miles. And it looks as if he is succeeding.

Miles, along with Samuels (yep, that makes *dos hombres*) started the restaurant in 1980 because "Mexican was a really hot concept then." It apparently is still hot enough: AUV is $1MM. The team plans to open an additional three restaurants next year.

Miles attributes some of the chain's success to the large and colorful back bars that many of his units feature, crowded with between 400 and 500 liquor bottles each. "It's entertaining for the customer to see all of the bottles," says Miles, "and it helps business." Liquor sales account for about 35% of sales. Average check is $7.

In addition to the five company-owned units in Missouri, Dos Hombres also has one unit in the college town of Lawrence, Kan. The company has no plans to franchise, but wants to license the Dos Hombres name to sell products institutionally or through retail outlets.

'PESO LITTLE, GET SO MUCH!'

Taco Mayo Franchise Systems Inc., Oklahoma City, Okla. 1986 sales: $13.5MM. 50 units 1/1/87. Randy Earhart, president.

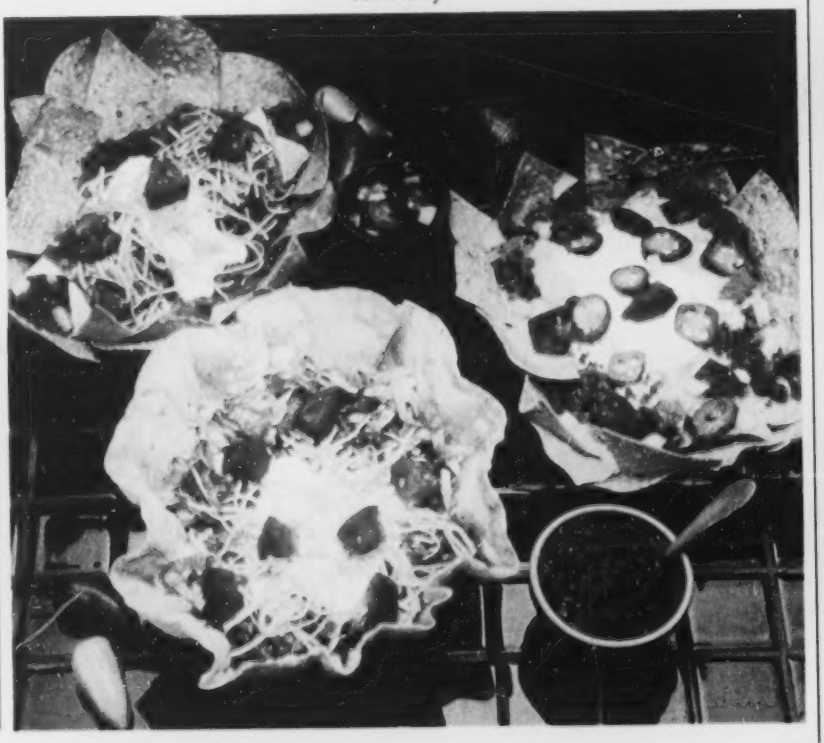
Selling well over a million and a half tacos a month at 39 cents each, Taco Mayo could very well be the "White Castle of the Mexican food industry," as Earhart suggests. Founded in 1978, the company has been selling the full-size (6½-inch shell; 3¾-ounce weight) 39 cent tacos since 1981.

Earhart says the tacos account for 25% of sales (not bad when you consider their price) and have started a series of "taco price wars" between competing taco stores. According to Earhart, at least two other taco chains in the Oklahoma City area had their taco prices within range of Taco Mayo's for a while, "but they didn't keep them there," he says.

Most of the company's 50 units (22 company-owned; 28 franchised) are housed in buildings formerly occupied by other fast-food tenants. The first ground-up Taco Mayo prototype—a 2,055-square-foot building with light stucco exterior, arched windows and Mexican tile roof—was built in August 1985.

All company units are located within the Oklahoma City area. Franchisees are in Oklahoma, Texas, Arkansas and Missouri. Look for an additional eight company units and 16 franchised next year.

Taco Mayo



R&I EXCLUSIVE

■ **1986 GROWTH CHAINS**

MEXICAN

Yanqui *si! Mexico si!*

There's room

for everyone as

independents

become chains.

OLD-WEST MEX

Tumbleweed Mexican Foods, Louisville, Ky. 1986 sales: $9MM. 8 units 1/1/87. George Keller, president.

Since Keller introduced mesquite grills into his stores, the American side of his restaurant's Tex-Mex mix has been selling better. That's fine with Keller, who says Tumbleweed is supposed to have an Old West feel.

Stores are designed to look like Old West saloons with false-front building façades and waitresses decked out in hats and Western garb.

The company now includes four company-owned and four franchised units, all in Kentucky. Keller plans for one more company-owned store next year.

Jose Pepper's

LET'S SLOW IT DOWN A BIT

Tia Zia, Norfolk, Neb. 1986 sales: $1.5MM. 5 units 1/1/87. R.F. Drummond, president. PC: T.D.S. Inc.

Born out of the Taco Del Sol fast-food concept, full-service Tia Zia was developed to expand the chain's appeal. "We found ourselves with customers, such as businessmen, who wanted a more relaxed atmosphere," says Drummond.

Tia Zia shares Taco del Sol's menu, but expands on it a bit, including more fried foods—chimichangas, fried ice cream and the like—and liquor. An average check runs $6.25. AUV: $255,000.

ONE HOT LITTLE PEPPER

Jose Pepper's, Seattle. 1986 sales: $2.4MM. 4 units 1/1/87. Ray Caldwell, owner.

Seattle's Mexican-fast-food fans will be happy to know in addition to the four well-patronized Pepper's there already, five are in various stages of completion and six more are scheduled to be built next year. But Seattle is going to have to share its blessings. Caldwell says the company's franchise circular and offering were just processed for Washington and California.

The tiled, multilevel units are decorated in earth tones with red and green accents. Exhibition grills allow customers to watch preparation of the food—mainly chicken, ribs and Mexican specialties.

Caldwell's trademarked "Mugarita" is a margarita made with wine instead of tequila. Making the drink with wine rather than tequila allows Caldwell to operate with a license for just beer and wine, rather than a full liquor license, which means he will be able to expand into more areas of the States than a full license would allow.

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R&I EXCLUSIVE

■ **1986 GROWTH CHAINS**

DESSERTS

Sweetness and . light . . . on the calories that is.

LIGHTS, ACTION, YOGURT

Penguin's Place Frozen Yogurt, Thousand Oaks, Calif. Projected 1986 sales: $20MM. 85 units 1/1/87. Bill Hawfield, president.

Theater with the right combination of atmosphere best describes Penguin's Place. That is the whole idea behind the concept of this fast-growing chain.

The atmosphere is upbeat with bright lighting and contemporary music to give customers the feeling it is their store.

People are Penguin's Place favorite marketing tool. The All-American-looking store gets involved with the community. "People Night" sends 20% of proceeds to charity. A school merit program rewards good students with Penguin's gift certificates.

The company is targeting 100 new franchises for 1987. The franchise fee is $25,000 with 4% royalty and a 4% advertising fund contribution.

Penguin's Place Frozen Yogurt

CONE-ISSEURS BUY THE SLAB

Marble Slab Creamery, Houston. Projected 1986 sales: $3.1MM. 25 units 1/1/87. Ron Hanmaker, president.

Super-premium ice cream brands—which contain more butterfat and less air than traditional ice creams—are the fastest growing segment of the frozen dessert market.

That is what Ron Hanmaker was banking on when he bought out Marble Slab Creameries in April 1986. He is selling freshness and quality, starting with 12 ice creams made fresh daily.

Marble Slab units have a unique, refrigerated slab of marble kept at 10F, on which the ice cream is combined with selected mix-ins. The cold slab keeps the ice cream firm. In addition to traditional ice cream parlor favorites, cone-isseurs at Marble Slab can concoct approximately 8,428 different combinations of toppings and cones without repeating any.

Hanmaker has franchised 23 units, mainly in southern and central Texas. He plans to add 15 more in 1987, charging a $19,000 franchise fee with 5% royalty the first year and 6% thereafter.

START SPREADING THE YOGURT

I Love Yogurt, Dallas. Projected 1986 sales: $2.5MM. 12 units 1/1/87. Jeff Frankel, president.

With planned addition of 50 units in 1987, I Love Yogurt is spreading faster than melted you-know-what.

The flavors at I Love Yogurt are mild, creamy and impossible to distinguish from ice cream, according to Frankel. He says his formula for 22 flavors does not leave an after-taste or heavy feeling.

Frankel draws a good lunch crowd by serving light sandwiches, salads, fruit plates, frozen yogurt drinks and fresh-baked cookies.

Frankel is planning to go public this winter and franchise throughout the Southwest. As of September, he already had 600 requests on file. He will charge a first-unit franchise fee of $17,500 with 4% royalty. The fee for three or more subsequent units will be $12,500 each.

MORE THAN JUST ICE CREAM

Gorin's Homemade Ice Cream & Sandwiches, Avondale Estates, Ga. Projected 1986 sales: $7.5MM. 31 units 1/1/87. Steve Gorin, president.

Gorin's is a gourmet ice cream store becoming famous for its chicken salad.

While many frozen dessert shops are concentrating only on dessert, Gorin's has become increasingly famous and profitable during the past two years because of its fast-serve sandwiches.

An extensive lunch menu includes grilled sandwiches, salads, homemade quiche and submarines—all baked on-site and served to order within two or three minutes.

But it is the 4,000 gallons of ice cream made each week that have led to Gorin's success. With plans to open 10 more stores in 1987, Gorin also supplies 30 restaurants in the Atlanta area.

For franchisees that approach Gorin with the initiative and ambition, the price is $12,500 with 5% royalty.

Gorin's Homemade Ice Cream & Sandwiches

I FOUND MY THRILL

Strawberry Hill Ice Cream, Indianapolis. Projected 1986 sales: $850,000. 3 units 1/1/87. Andy and Cindy Baldauf, owners.

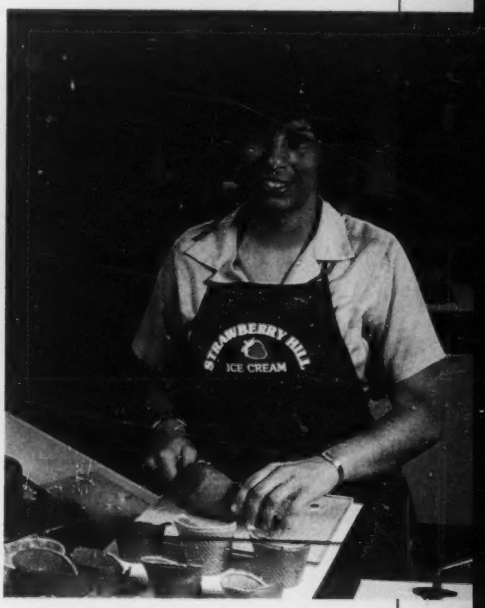
Old-fashioned ice cream and old-fashioned hard work are the secrets to success for this ice-cream-loving husband and wife team.

By working a 60- to 80-hour week, the Baldaufs tapped into the Indianapolis market when homemade ice cream parlors were unknown. They say they were the first in town to introduce mix-in flavors and offer both cones and ice cream made on the premises. Windows allow the customers to watch the ice cream being made.

The Baldaufs are sticklers for quality, and everything is made from scratch. About 65 ice cream varieties are made from 250 flavors. They buy from more than 60 suppliers to get the best, using imported Dutch chocolate and paying $65 a gallon for vanilla flavoring.

The Baldaufs keep in constant contact with customers. They offer free samples, distribute business cards as coupon discounts and encourage suggestions.

There have been 300 requests for franchises. Franchising will start next spring.



Strawberry Hill Ice Cream

PARTNERS PAINT THEIR RAINBOW

Double Rainbow Gourmet Ice Cream Stores, San Francisco. Projected 1986 sales: $4MM. 25 units 1/1/87. Steve Fink, CEO; Michael Sachar, president.

CEO Steve Fink says "sweat equity" has done the most to nurture the success of Double Rainbow Gourmet Ice Cream Stores. Friends since age 8, the partners have sweated every detail and every buyout attempt for 10 years. Their reward has been critical acclaim up and down the West Coast and across the country for having the best ice cream money can buy. "We make our ice cream with our taste buds, not a machine," says Fink.

The "dessert cafe" does a big night-time business as an alternative to bars and restaurants, serving cappuccino, espresso and the finest cakes available. The ice cream also is sold to 100 restaurants and in supermarkets.

Franchising since 1983, Fink and Sachar plan to add 20 units in 1987. Franchise fee is $25,000 with 1% royalties.

R&I EXCLUSIVE

■ **1986 GROWTH CHAINS**

DESSERTS

The sweet things in life are . . . over on franchise row.

Tippin's Restaurants Inc.

TIPPIN'S TOPPINS

Tippin's Restaurant and Pie Pantry, Kansas City, Mo. 1986 sales: $25MM. 14 units 1/1/87. Jim Kerwin president; Gary Guzzo, v.p. operations. PC: Tippin's Restaurants Inc.

Jim Kerwin can't seem to stay away from pies. He was the original founder of Poppin Fresh Pies (now Baker's Square) which he sold to Pillsbury in 1976 and ran until 1977. Since 1980, he has been pouring new energy and pie fillings into a place called Tippin's (formerly Pippins.)

Although there are many similarities between (the former) Poppin Fresh and Tippin's, Kerwin says Tippin's is slightly more upscale and has a broader menu and larger seating capacity.

Next year the company plans to build two more restaurants in the St. Louis area and might add one more in Dallas. Kerwin also expects to go into the Chicago area in the next 18 months.

BCC OK BY ME

Blue Chip Cookies Inc., San Francisco. 1986 sales: $8MM. 35 units 1/1/87. Matt Nader, president; Lori Nader, concept development.

"Your teeth itch just thinking about them," says the *San Francisco Examiner* describing the puddles of white chocolate chunks and macadamia nuts that fill the most popular variety of cookie at Blue Chip. But the more than a dozen other varieties of cookies are selling well, too: In two years time the company expanded from two stores to 35, and 15 more stores will open next year.

The 15 company-owned units are located in Northern and Central California. Franchised units have spread through California, Colorado, Arizona, Minnesota, Texas and Ohio and will be going into Illinois, Florida, Montana and the East Coast next year. Franchise fee is $33,000 with 6% royalty. AUV: $300,000.

Ma Martin's Inc.

IT ALL STARTED WITH A FUDGIE . . .

Ma Martin's Inc., Oak Park, Ill. 1986 sales: $185,000. 1 unit 1/1/87. Kathleen Martin, president.

The handsomely lettered bright fuschia and yellow awnings might tip you off, or the elaborate little takeout boxes: This store delivers more than the average brownie. German chocolate, caramel pecan and raspberry are a sampling of the more unusual flavors.

"We target upwardly mobile 25- to 60-year-old professionals who lack the time it takes to bake at home and are interested in getting quality products," says Martin.

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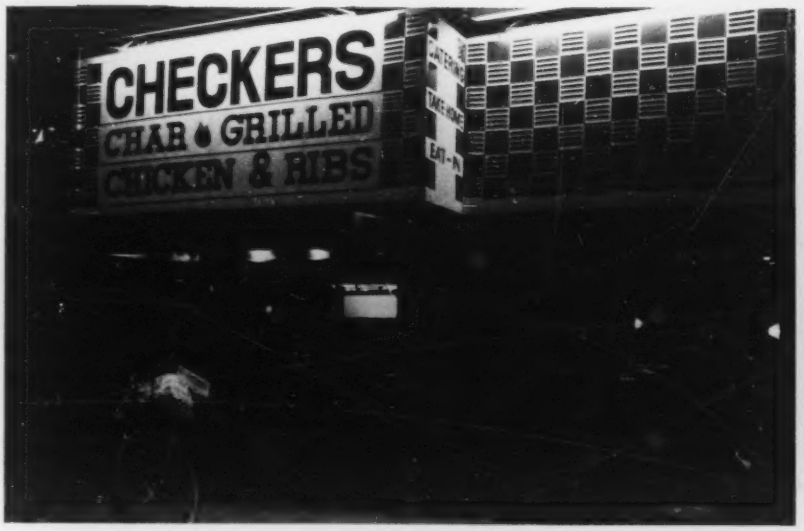
R&I EXCLUSIVE

■ 1986 GROWTH CHAINS

CHICKEN

Winging it with America's favorite parts and pieces.



Checkers

CHECK OUT THE PRICES

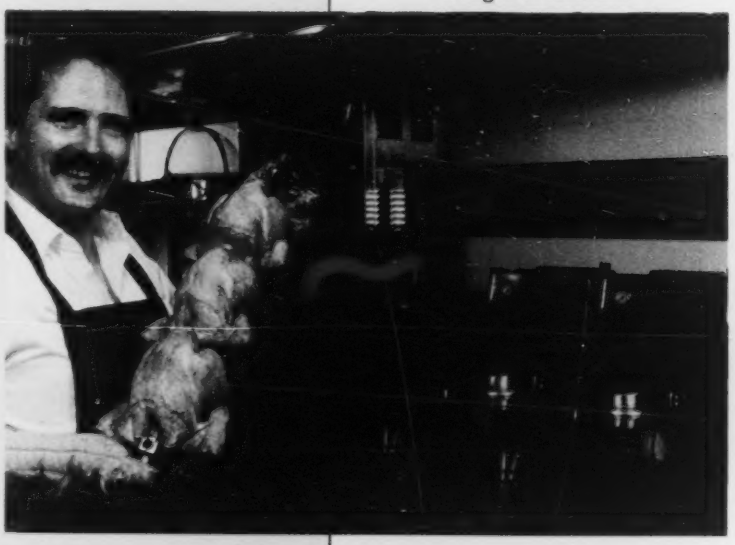
Checkers, Brooklyn. 1986 sales: $4MM. 6 units 1/1/87. Ron Kawitzky, president; Vivienne Kawitzky, secretary; Brian Elkins, vice president. PC: E.K. Enterprises.

A half chicken for $4.45 and several lunch specials for less than $3: Can this really be New York? The answer is yes at a Checkers Char-Grilled Chicken & Ribs. The restaurants, all in New York City, have the grill up in front next to the window and wall murals depicting a neighborhood street scene.

The chicken is marinated in lemon and bay leaves before being grilled. Ribs are available with three sauces. Plans are being made to add grilled duck and a marinated skirt steak.

The three principals, all expatriate South Africans, intend to add 20 to 30 units during 1987, focusing growth along the East Coast. Franchises are available for a fee of $25,000 and a royalty of 4%. An initial public offering to raise $1 million to $1.5 million was scheduled for late 1986.

Wing'n-It Chicken



NO WING AND A PRAYER HERE

Wing'n-It Chicken, Woodland Hills, Calif. 1986 sales: $300,000. 3-5 units 1/1/87. Ron Gelet, CEO; Howard Davis, president; Michael Hoffman, operations director. PC: Gelet Enterprises Inc.*

The restaurant's name suggests a cavalier approach to business; the reality is the opposite. Wing'n-It offers three types of chicken to appeal to a broad market. Delivery is promised within 30 minutes. Growth for the chain, which was opened in April 1986, will be concentrated in Southern California, where Gelet's Numero Uno pizza chain already is strong.

Plans call for 20 to 25 units to open during 1987. Franchising fees start at $7,500 for a single unit with royalties of 5%. A multiunit franchising package is available.

G'DAY MATES, HERE'S SOME BONZA TUCKER

Aussies, San Francisco. 1986 sales: $1 MM. 5 units 1/1/87. George Kailis, chairman; Scott Bergren, president. PC: Aussies Enterprises Inc.*

From the land down under comes Aussies Spit Roast Chicken. The name says it all: The company specializes in spit-roasted chicken, which takes 90 minutes to cook. A whole chicken goes for $5.65 while chicken sandwiches start at $1.65.

Aussies already is a mainstay in its Australian home, where 136 units are open under the name Red Rooster. Other units are open in Japan, Malaysia and Indonesia.

In coming to the United States, the Kailis family, which originated the concept, struck a deal with Round Table Franchise Corp., San Francisco. Round Table will help the chain expand by having 20 of its franchisees open Aussies units. The company expects to open 20 units during 1987. Aussies has a tentative franchise fee of $20,000 per store and $35,000 for a territory. The royalty is 4.5%.

And "bonza tucker," according to an Aussies' place mat, means "great food."

NEW ORLEANS GOES WEST

Frenchy's Creole Fried Chicken, Houston. 1986 sales: $15MM. 22 units 1/1/87. Percy Creuzot, president and owner.

After having just one restaurant for 10 years, Creuzot began expanding from his Houston base. 1987 plans call for 25 new units to be opened during the year. Almost all expansion will be through franchised stores.

Franchising began during 1985. The franchise fee is $20,000 per store, with franchises sold in five-store lots. The royalty is 4% for the first five years and 5% thereafter.

The original restaurant focused on po-boy sandwiches, which are still available. Chicken, added several months later, now makes up 70% of sales. Creuzot's New Orleans-Creole heritage comes through in the red beans, Creole gumbo and dirty rice. Side orders include French fries, homemade buttermilk biscuits, corn-bread muffins and special desserts: fresh sweet potato pie, peach cobbler and freshly baked cake.

TO SAN FRANCISCO BY WAY OF TAIPEI

Sesame Chicken, San Francisco. 1986 sales: $500,000. 3 units 1/1/87. Hank Weiner, president; Y.C. Chang, vice president; James Shih, secretary. PC: TDD Food Systems Inc.

From its roots in Asia comes Sesame Chicken, an established 40-unit chain in Taiwan attempting to break into the U.S. market. Its menu fare includes the original fried chicken spiced with Oriental flavors.

Company officials decided to locate in shopping-mall food courts to take advantage of malls' large customer base and to quickly test the popularity of their product. They favored this technique over free-standing units that would have to generate their own traffic.

NOW THEY'RE THE BOSSES

New Orleans Famous Fried Chicken, Greenwood, Miss. 1986 sales: $14MM. 45 units 1/1/87. S.L. Sethi, president; Raksha Sethi, vice president. PC: Jackie's International Inc.

The Sethis began as franchisees of New Orleans Famous Fried Chicken, then bought the concept in 1981. What they have now is a chain serving fast-food chicken in Hot'n'Spicy and Regular Krispy versions.

Slightly less than half the chain, 20 units, is franchised. The company has a franchising fee of $10,000 and royalties of 3%. Company-owned units are concentrated in Mississippi, where 18 are open. Other units are in Texas, Idaho, Alabama, Arkansas and Tennessee. Units are built in two sizes: 50 seats and 75 seats. The check average is $4.20.

Seven units were opened during 1986 and 15 more are planned for 1987.

Plans call for two or three more company-owned units opening in 1987, then possible franchising.

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Sesame Chicken

R&I EXCLUSIVE

■ **1986 GROWTH CHAINS**

SEAFOOD

This year's catch includes a few surprise concepts.

OF MICE, MEN AND OYSTERS

Monterey Bay Canners, Irvine, Calif. Fy 1986 sales: $20.3 MM. 11 units 1/1/87. Douglas L. Salisbury, chairman; Ronald F. Higgins, president and CEO. PC: Trans/Pacific Restaurants Inc.

Had John Steinbeck been born a generation later, he might have dined here for inspiration. Monterey Bay Canners are modeled after an establishment that could have existed on Monterey's fabled Cannery Row.

This growing member of the Trans/Pacific family plans to add 10 more units by 1990.

Besides flying in as many as 20 fresh seafood choices daily, the restaurants feature mesquite-broiled steaks and a champagne brunch each Sunday. Frequent visitors with a penchant for oysters join The Oyster Club; eat 200 oysters and receive a T-shirt and in-house discounts.

Checks average $9 at lunch and $14.40 for dinner. Alcoholic beverages account for nearly 25% of sales.

Captain Sam's Chowder Pot

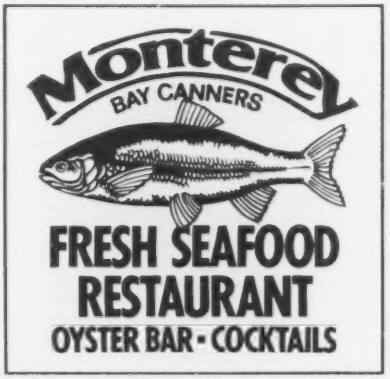
EAT TO YOUR HEART'S CONTENT

Chowder Pot International, Freehold, N.J. 1986 sales: $10 MM. 11 units 1/1/87. Eugene F. Savage, founder and president.

It's hard to imagine leaving a Captain Sam's Chowder Pot restaurant still hungry. Dinners include all-you-can-eat shrimp along with salad, chowder and dessert bars.

The chain's origins can be traced to 1950 in Keyport, N.J. The Savage family acquired the original restaurant in 1970. Expansion was done by family members in the early '80s. Franchising outside the family began in 1985. The franchise fee is $35,000 with 5% royalty.

Average unit volumes are $750,000 for restaurants that don't serve alcoholic beverages and $1.2 million for those that do.



Bay Street

HERE'S WHAT HAPPENED TO CHARLEY'S

Bay Street, Dallas. 1986 sales: $15MM. 9 units 1/1/87. Alan Palmieri, vice president and concept general manager. PC: S&A Restaurant Corp.*

From the people who brought you Steak and Ale, Bennigan's and JJ. Muggs comes Bay Street. It features Cajun items, pasta and sandwiches in addition to fresh seafood. The company, which opened seven units during 1986, plans to open 12 more during the first six months of 1987. A target of 75 units by the end of the decade has been set.

R&I EXCLUSIVE

■ **1986 GROWTH CHAINS**

PIZZA

The all-American pizza pie evolves even more new varieties.

PIZZA IN PARADISE

Paradise Pizza Cafe, N.Y. 1986 sales: $500,000. 1 unit 1/1/87. Peter Greenwald, Jerry Berger, principals.

Potted palms, pink flamingos and a bottle of Dom Perignon. Sounds nice, but with pizza? Yep.

Peter Greenwald, former sales manager at RKO radio, and Jerry Berger, formerly a stockbroker, founded the place in 1984 with $350,000 start-up capital and a vision of a tropical art-deco pizza palace that has been called by *New York* magazine, "the prettiest pizza parlor in town."

In addition to traditional pizza fare, the menu includes a bacon, lettuce and tomato pizza (sliced tomatoes, crumbled bacon and lettuce—no cheese) and a Nicoise pizza (cheese, tomato sauce, dark olives and anchovies).

Because space is at such a premium in New York, Greenwald hopes to install smaller cafes he's calling "Paradise Pan Pizza" into existing food operations that have the space. Greenwald is at the negotiating table with Nathan's Famous right now to sell pizza through the 16 Nathan's in New York.

Paradise Pizza Cafe

OPEN UP—IT'S THE PIZZA!

NYPD (New York Pizza Dept.), San Diego. 1986 sales: $720,000. 3 units 1/1/87. Dan Crotta, president and CEO.

These boys and girls in blue will write you a citation on location or at your door—but the tickets they issue come with a freshly baked pizza pie. San Diego's NYPD strives for a 30-minute delivery time—made easy by the authentic looking "squad" cars, with flashing lights on top, that deliver the pizzas.

Crotta founded the restaurant with his wife Monika in 1983 and now has three company stores built, three franchises under construction and several more scheduled for construction next year in the Northern Los Angeles area.

Start-up costs for each precinct range from $100,000 to $170,000 plus equipment financing. Checks average $7.87. AUV: $480,000.

CAUSE HE'S ZA WIZARD

Wizard of Za Gourmet Pizza, Cleveland. 1986 sales: $760,000. 4 units 1/1/87. Mark Sternberg, president, Jacob Frydman, secretary and treasurer.

If Dorothy were a hungry traveler in Cyoga County, she just might stop in to see the Wizard of Za.

NYPD (New York Pizza Dept.)

We Challenge You To Try . . .

It's the most monstrous pizza in town; A thick & delicious 18" x 24" Beast Sicilian Pizza weighing in at approximately 6 lbs. with 24 thick slices. Invite the Beast to your party or gathering... But don't worry—He comes in a cage.

$15.95 .....
Plus $1.95 each additional topping

Son of the Beast
Individual size sicilian pizza . . . $2.45 plus 45¢ each additional topping

Mark Sternberg, formerly a manager for Hyatt Hotels in Kansas City and Baltimore, and Frydman, an attorney and real estate developer, started the restaurant in 1984. At press, they had just opened their fifth unit, and three more were projected to open.

Sternberg seeks to create a niche for his product, which he says, appeals to both gourmet and health-food tastes. The pizza has reduced oil, salt and sugar levels and toppings include such unusual choices as spinach and artichoke hearts.

Although all of the existing units are company-owned, the Wizard is working on franchise deals right now.

FROM THE VINE TO THE STA—OOPS!—TABLE

Snappy Tomato Pizza, Cincinnati. 1986 sales: $2.8MM. 20 units 1/1/87. Craig Whitt, CEO. PC: Slush Puppy Corp.

Robert Rotunda played a good hunch when he picked a horse named Snappy Tomato to win at the races. The horse won that race and three more that year. So, it is no surprise that Rotunda's new and up-until-then-nameless restaurant was destined to share the same name.

Under Rotunda's management, the company grew to eight restaurants before it was acquired by the Slush Puppy Corp. in 1985. Since then, Snappy Tomato has been on a rapid expansion track. The company began franchising in April 1986 and now has 16 franchised units.

MIX AND MATCH PIZZA

Piece of the Pie Inc., Lincoln, Neb. 1986 sales $9.1MM. 47 units 1/1/87. Winn Sanderson, president and CEO.

Sanderson started Pizza by the Slice when he and several other local businessmen found themselves with a lot of mall space they didn't know what to do with. "The logical thing was to start a food court."

In addition to the 47 company-owned units operating today, Sanderson plans to open 10 next year, 20 in 1988 and 30 the year after that, all for a total of 100 units by 1989.

All of the units to date are company-owned. They are scattered from Orlando, Fla., to Sacramento, Calif., Minnesota to San Antonio. Average check is $2.08—a figure Sanderson expects will go up as takeout sales increase—and AUV is $315,000.

BOSTON WILDFLOUR TO BLOOM IN HAWAII

Wildflour Boston Pizza, Santa Monica, Calif. 1986 sales: $2.8MM. 6 units 1/1/87. Steve Trager president and CEO.

With $15,000 saved from a previous career as a concert promoter in New York, Trager first set up shop to supply Santa Monica with a better tasting pizza in 1973. Thirteen years later, his Wildflour Boston Pizza—which features a Greek-style blend of Cheddar cheeses rather than mozzarella—has gleaned awards from the *L.A. Times* (Best Thin Crust Pizza) and the California State Fair (Gold Medal). His business has expanded to include two company-owned and four franchised stores.

Trager plans for an additional five franchised units in 1987.

continued on page 74

Piece of the Pie Inc.

R&I EXCLUSIVE

■ 1986 GROWTH CHAINS

PASTA

Where the accents are Northern, and the pasta is prologue.

SHE HAILS FROM THE NORTH

Florenz Northern Italian Restaurant, Lexington, Ky. 1986 sales: $2MM. 3 units 1/1/87. Christian Inden, CEO. PC: Jerrico Inc.

Internationally certified master chef Christian Inden, formerly of Chicago's Management Group, was recruited by Jerrico specifically for the task of developing the Northern Italian cuisine featured in this restaurant.

The resulting menu is extensive and authentically northern Italian. Entries include Fettuccine Venetian, Linguini Cacciatore, Mussels Caruso and Osso Buco Milanese (a veal dish). An average lunch check is $6.50; dinner, $10.

Three Florenz's are open now: one in Blue Ash, Ohio, which seats 265, another in Lexington, Ky., seating 235, and the third in Louisville, Ky., seating 250. Look for four more in 1987. AUV: $2MM.

FLORENZ
A NORTHERN ITALIAN RESTAURANT

PASS DA PASTA, PLEASE

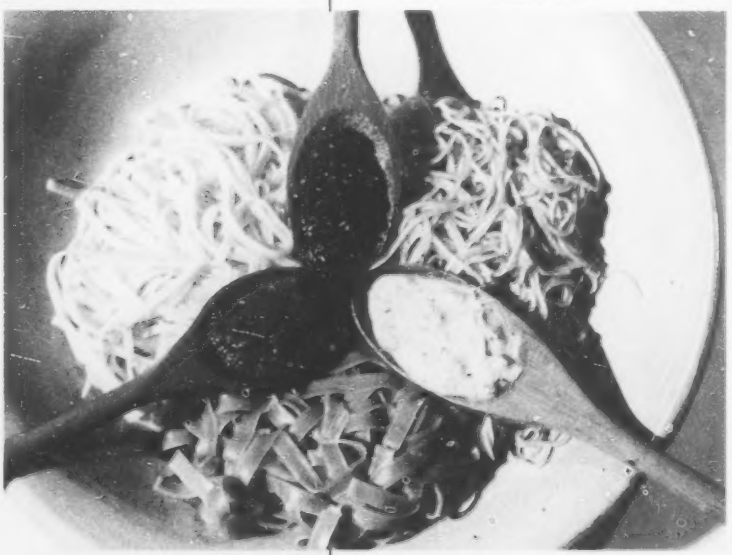
Pasta Via, Denver. 1986 sales, $1MM. 12 units 1/1/87. John Mullins, president.

Egg, herb, spinach and black pepper—those are among the regular pasta varieties this shop prepares fresh daily. Some of the special varieties include confetti, red pepper and tomato.

None of the pastas are prepared as hot dishes for consumption on the premises. "We do sell a few cold pasta salads and some sandwiches," says Mullins, "but the bulk of our sales are carryout orders of fresh wrapped pasta."

Five of the current 10 units were built since April of this year—the 11th and 12th are being built right now. And the company begins franchising next year. "We expect to build 25 units in '87," says Mullins. Franchise fee is $15,000 with 3% royalty. AUV: $175MM.

Pasta Via



THE BROTHERS OTTOMANELLI

Ma-ma Ottomanelli's Cafe, New York. 1986 sales: $1.5MM. 6 units 1/1/87. Nicolo and Joe Ottomanelli, principals.

Run by the third-generation Ottomanelli brothers Joe and Nicolo, the company now includes three Ma-ma's cafes, two more to be completed on the West side before year's end. The first and second units seat between 30 and 40 with AUV of $275,000. The third seats 100 and brings in $450,000 yearly.

To keep prices modest (average check is $8) the brothers limited the cafe's menu. Pizza and pasta are offered, but the Ottomanelli Perfect Burger, a sirloin burger that comes with a burger bib to catch the drips—is by far the star. "It took us 10 years to perfect the recipe," says Nicolo.

The brothers plan to begin franchising by first quarter of 1987 and hope to open at least three more restaurants then.

R&I EXCLUSIVE

■ **1986 GROWTH CHAINS**

CASUAL/THEME

No mistaken identity here. These restaurants have character.

Julio's Enterprises

WHICH SIDE ARE YOU ON?

On the Border South Texas Cafe, Dallas. 1986 sales: $14MM. 4 units 1/1/87. David Franklin, CEO; Paul Hyde, president, Fred Molsen, v.p.

David Franklin sampled his first mesquite-broiled game while he was on a white-wing dove hunting expedition in the border country south of San Antonio.

He was impressed enough with the subtly sweet flavor of the meat to join up with Hyde and Molsen to start a cafe.

The rest of the story is sheer success: There are now four On the Borders in the Dallas area, a fifth is being built in Houston and a prototype short-order version of the place, called Border Stop was built in Dallas last year. AUV for the full-service cafes is $3.3MM. Expansion plans call for two more full-service cafes and two more Border Stops next year.

JULIO'S HAPPENIN' IN THE MIDWEST

Julio's Enterprises, Omaha. 1986 sales: $2.5MM. 4 units 1/1/87. Rick Fox, president, CEO, Jerry Aquila, director of franchising.

Full of an eclectic assortment of neon lights, and with jazz music in the background, Julio's doesn't much fit the typical Tex-Mex mold. Although a lot of the menu offerings are Tex-Mex—*Omaha Magazine* called Julio's nachos the best in town—gourmet burgers

On the Border South Texas Cafe

represent 20% of food sales and the bar gleans a brisk 40% of business. An average check runs $7.50 at dinner; $5 at lunch. AUV is $625,000.

Now well-anchored in Omaha, Julio's is setting its sights on expansion into other Midwestern markets.

Right now Julio's has three company-owned units—two in Omaha and one in Des Moines—and one franchised unit in Omaha.

RUDOLPH TAKES A RIBBING

Rudolph's Bar-B-Que, St. Louis Park, Minn. 1986 sales: $12MM. 6 units 1/1/87. James Theros, founder; Spero Theros, president.

Winners of the "Best Ribs in America" and the "Best Sauce in America" for two of the past four years at the National Rib Cook-Offs in Cleveland, Rudolph's fame is spreading faster than its namesake, Rudolph Valentino.

Named after the silent screen's greatest lover, Rudolph's decor is clean and classy with an amalgam of old movie posters, Hollywood star shots and elegant period art deco touches.

The Speros' first franchise unit opened in Duluth, Minn. in 1985. They plan to open two or three more operations in 1987. The franchise fee is $25,000 with 6% royalty.

LEGENDARY MAMA

Mother Mesquites Inc., Dallas. 1986 sales: $3.7MM. 2 units 1/1/87. Gene Street, chairman; Larry Richardson, president.

Seems a bit ironic that the scruffy little mesquite tree pioneers looked to as a source of survival in the 1880s should help pamper gourmet palates of the 1980s. Not so ironic is the fact that these two restaurateurs pay it tribute with their legend of Mother Mes-

quite" printed in glowing terms and colors on the backs of their menus. Gene Street and Larry Richardson's first Mother Mesquites restaurant has done better than $3.5 million in total food and beverage sales after just one year of business. A second unit opened in October and three more will open next year.

In addition to a multitude of mesquite-grilled offerings (chicken, fish, quail, ribs, steak), the menu lists six salad varieties, Mexican foods and four fresh fish selections daily.

Richardson says the company plans to have 10 units operating before seriously considering franchising.

Mother Mesquites Inc.

NO MEMBERSHIP NECESSARY

The Oyster Club, Moultonboro, N.H. 1986 sales: $3.25MM. 3 units 1/1/87. Rex Seley, president. PC: Rex Seley Management Group Inc.

Based on the idea that "Everybody should belong to a club but not everybody can," Rex Seley's Oyster Club restaurants are less austere than men's clubs. Their style is casual elegance. Mahogany, leather and brass add to the clubby atmosphere.

Each restaurant is divided into two rooms. The grill room, which includes a raw oyster bar and grill, is a gathering place for singles and features light food and burgers. Checks average $2.50 to $6.95. Next door is the more formal dining room, serving prime rib and seafood with checks averaging $8.95 to $16.95.

Now including three restaurants—two in New Hampshire and one in Maine—the Oyster Club is set to expand in the East next year. Two restaurants are planned for the Boston area. AUV: $1.5MM.

NO LAZY KITTEN

Garfield's Restaurant and Pub, Oklahoma City. 1986 sales: $4.3MM. 5 units 1/1/87. Vince Orza, chairman, Jim Burke, v.p. operations. PC: Eateries Inc.

Though it shares its name with a popular cartoon character, this Garfield's, with its turn-of-the-century decor, echoes back to the moniker's earlier origins as a proper, English name.

Founded in 1984 by Vince Orza, formerly a senior vice president with Kelly-Johnston, Garfield's is a family dinner house designed to "fill the gap between TGI Fridays and a Steak & Ale," says Orza.

With more than 75 items on the menu and 51 varieties of beer from all over the world, Garfield's has a broad appeal. Checks average $5.90 for lunch; $9 for dinner.

For the time being, Orza is concentrating expansion in the Oklahoma City area. There are five Garfield's in the area now, and Orza plans an additional five in the coming year.

Franchising? "Next year," says Orza. The company went public in August with an offering of 600,000 shares, at $3.25 a share.

ALBERT FINNEY, THIS ONE'S FOR YOU

Charlie Bubbles Restaurant & Tavern, Rochester, N.Y. 1986 sales: $5.5MM. 3 units 1/1/87. Nick Massa, CEO.

Nick Massa got the name Charlie Bubbles from a movie. "I saw the Albert Finney movie of that name," says Massa, "and liked it. It has whimsy."

Massa says the company's first two franchised units will be in New York, (Syracuse and Albany) but adds that he has had requests from Florida and Seattle. "Once we have three franchised units in place, we will evaluate whether we're going to go public."

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R&I EXCLUSIVE

■ **1986 GROWTH CHAINS**

ENTERTAINMENT

Operators get their acts together and take them on the road.

WINNER AND STILL CHAMPION

Champions Sports Bar, Washington, D.C. 1986 sales: $1.5MM. 2 units 1/1/87. Michael O'Harro, president; Jim Martell, treasurer.

A 1933 Sprint race car is parked inside. Jerseys hang from the ceiling; autographed photos hang on the wall. The top of the bar is a collection of trading cards and ticket stubs covered by a half inch of clear resin. It is a hall of fame that serves drinks. Welcome to the original Champions Sports Bar.

With three years of sports-bar experience to his credit, O'Harro has taken the concept public and is franchising it. The franchise fee is $50,000, and royalties are 5%. Champions No. 2, in Falls Church, Va., opens in late 1986. Five new Champions should open during 1987, all in different markets.

Future Champions will be larger and focus more on food. The advertising budget is zero: Funds are spent on in-house marketing for nightly promotions tied in to sporting ideas.

Champions Sports Bar

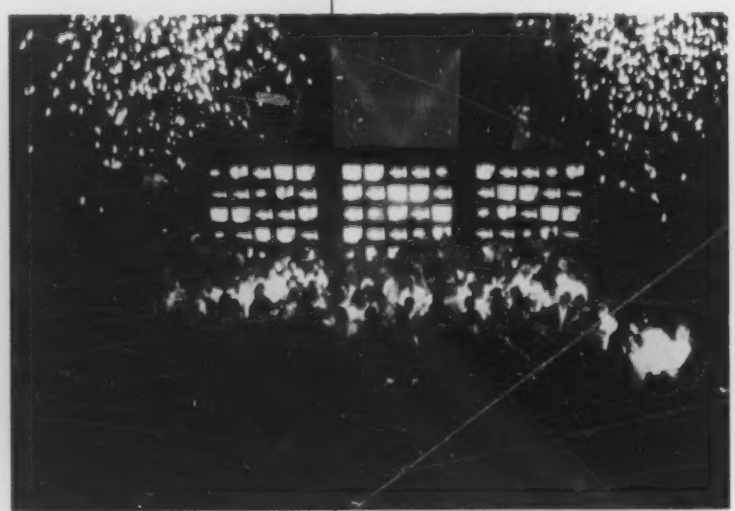
NOT THE PLACE TO SEE 'HONEYMOONER' RERUNS

Clubland, Chicago. 1986 sales: $2MM. 1 unit 1/1/87. Steven Jarvis, Thaddeus Gentry, co-owners. PC: Thunder Dome Enterprises Inc.

Jarvis and Gentry have taken a Chicago theater, The Vic, and turned it into a nightclub (it still hosts concerts). At the rear of the stage is the focal point: a dance floor with a wall of 75 25-inch television monitors and five 9-by-12 projection screens. As many as 10 video images can be shown.

Clubland opened in May 1986 and the company is looking to open another in 1987. It probably will not be in Chicago because the owners feel there should be one Clubland per market.

A limited amount of food is served at Clubland's Mezzanine Cafe. More emphasis might be placed on foodservice in the future.



Clubland

A NEO IDEA

Neo, Glendale, Colo. 1986 sales: $1.35MM. 1 unit 1/1/87. Lance McFaddin, president and CEO; Wallace Kelley, regional director. PC: McFaddin Ventures.

McFaddin Ventures' newest concept, opened in June 1986, has a dual role: It is a nightclub that could be a forerunner for future Neos and it is an experiment for new ideas to be used in McFaddin's other nightclub concepts. These clubs include the high-energy Confetti for people in their 20s, and the tropical Ocean Club and nostalgic Studebaker's for slightly older crowds.

An early evening attraction is an elaborate buffet served free from 7 to 10 p.m. Tuesday through Friday, when the club's cover charge is only $1 or $2.

For the elite crowd there is the VIP Piranha Room, a separate dance and music studio that sometimes is closed to the public.

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R&I EXCLUSIVE

■ 1986 GROWTH CHAINS

BURGERS

Burgermasters find new ways to serve up America's old favorite grind.

HOW'S THE MILEAGE ON YOUR SALAD BAR?

Thunder Bumpers, Dallas. 1986 sales: $3.5MM. 8-12 units 1/1/87. Craig Alexander, president and owner; Mark Lomberg, senior vice president.

The origin of this chain's name is in the center of each restaurant. It's a vintage, early '50s Ford Thunderbird that has been turned into a salad bar. (Actually, car enthusiasts were appalled that a fine car would meet such a fate, so Thunder Bumpers now has a firm build replicas.)

Conservative estimates for 1987 show 10 to 15 new Thunder Bumpers coming off the line. North Carolina, Tucson, Phoenix and Houston are possible expansion areas. The franchising fee is $35,000 for a single unit, with territorial packages available. Royalties are 4.8%.

The menu focuses on '50s malt-shop cuisine, which company officials say differs from a diner because malt shops had a more limited menu.

ONE HECK OF A RESTAURANT

Hectors Heck of a Burger, Delray Beach, Fla. 1986 sales: $1MM. 3 units 1/1/87. Esther O'Keefe, president; Hector Morales, vice president.

Morales has attended the Culinary Institute of America, cooked for the stars and won numerous cooking competitions. Now he's concentrating on a concept of his own. The first Hectors restaurant opened in 1985 and, after adding two this year, he looks for three more in 1987.

Franchising began in 1986. The fee is $25,000 with 6% to 7% royalty.

The primary hamburger is the half-pound Hector's Burger for $3.99. Different versions are available with cheese, pepper and onions, grilled onions, mushrooms, bacon and chili.

Hectors extensive menu also features 11 sandwiches. A fresh-roasted turkey breast sandwich is built from one of the three or four turkeys cooked in the stores each day.

Hectors Heck of a Burger

THERE'S NOTHING FAST ABOUT THIS FOOD

The Counter, Tyler, Texas. 1986 sales: $1.5 million. 8 units 1/1/87. Thomas Hyde, president and owner; Larry Dorough, executive vice president; Jack Odom, marketing director.*

The Counter wants to recapture the days of the corner drugstore, with hamburgers frying on the grill and milkshakes frothing with hand-scooped ice cream. Patrons wait for both because the company emphasizes quality, not quickness. "The hamburger worth waiting for" is the company slogan.

A company official says The Counter is aiming for a middle ground between McDonald's and a Chili's or Bennigan's. The quarter-pound cheeseburger costs $2.07. Variations are available with bacon, chili and onion.

Franchising began in 1984. The fee is $20,000 with 3% royalty.

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R&I EXCLUSIVE

■ 1986 GROWTH CHAINS

DRIVE-THRU

A limited menu with a little service on the side.

Short Stop

Central Park

BASEBALL BEEN BERY, BERY GOOD TO ME

ShortStop, Austin, Texas. Projected 1986 sales: N/A. 38 units 1/1/87. Sam Talkington, president.

ShortStop is not stopping short on expansion. The company will open 55 units next year, 43 of them franchised. Thirty-three of the current 38 Shortstops are franchised. They are located in six states, from Colorado to Florida.

Burgers, fries and soft drinks produce an average check of $2.96 for the tiny, two-story, drive-thru units. Customers in their cars can view food preparation through large windows into the kitchen.

ShortStop's growth potential is enhanced by the attractiveness of its franchise fee—just $10,000.

NO MUGGERS HERE

Central Park, Chattanooga. Projected 1986 sales: $9MM. 24 units 1/1/87. Robert Davenport, owner and founder.

A menu of a ¼-pound burger, cheeseburger, chili, large fries and a 20-ounce soft drink generates $500,000 average unit volumes for this 4-year-old chain, which is just about to unleash its franchising program. "We really feel like this is the next national concept," says Davenport, who sells a burger, fries and a soft drink for an average of $1.67.

Other "averages" are 1.75 people per car and $3 per transaction per car. Currently, all units are company-owned.

Davenport claims that Central Park is the originator of the double-drive-thru concept. He says other chains have larger units because they cannot exactly copy his patented design and systems.

Grand Junction

A GRANDIOSE IDEA

Grand Junction, Lexington, Ky. Projected 1986 sales: N/A. 8 units 1/1/87. Brian Simms, director of operations; Frank Blair, vice president.

Drive-thru with train-station appearance, serves ¼-pound burgers, chili dogs, grilled sandwiches, fries, soft drinks and milkshakes. Average check is $3.

The 2-year-old chain plans an eventual public offering. All units now are company-owned, and the chain has been spending 4% on advertising.

On the other side of the cost coin, consumers should find the concept attractive because its prices are about 25% lower than traditional fast-food.

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■ 1986 GROWTH CHAINS

LIGHT FARE

Scaled-down menus shape up as tomorrow's stars.

Soup Exchange

NO BARTERING ALLOWED

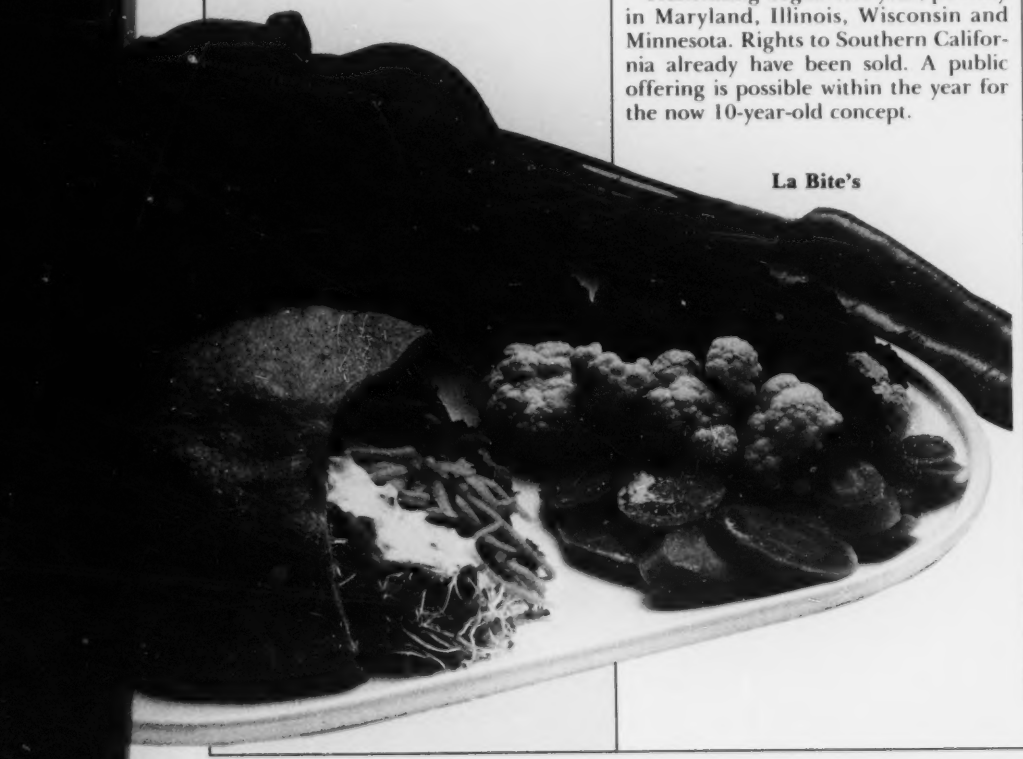
Soup Exchange, San Diego. Projected 1986 sales: $6MM. 7 units 1/1/87. Don Boensil, president and CEO.

The Soup Exchange's customers serve themselves from soup, salad, fruit and dessert bars. Some prepared salads, pastas also are available. The operation's on-premises bakery produces fresh muffins and breads. Beer and wine are served, but represent only a small percentage of sales.

Average check is $6. Lunch and dinner each contribute 50% of volume.

The unit is designed as a patio, with tile, wood and plants inside a vaulted ceiling. It seats up to 200, plus 100 outside.

Franchising begins this year, possibly in Maryland, Illinois, Wisconsin and Minnesota. Rights to Southern California already have been sold. A public offering is possible within the year for the now 10-year-old concept.



La Bite's

JUST WHAT KIND OF A CONCEPT IS STIX?

Stix Eating Spa, San Antonio. Projected 1986 sales: N/A. 1 unit 1/1/87. Greg Waters, secretary and manager. PC: Romano Enterprises.

Stix Eating Spa, started up early this year by Phil Romano of Fuddruckers fame, does not serve "health" foods, according to Greg Waters, but rather basic foods freshly prepared and low in fat.

The menu includes Chinese Chicken and other salads; stir-fry beef, shrimp and vegetables; shish kebab dishes; and rices. Waters insists that the concept is not Oriental either, despite the stir-frying and yakitori broiler. Stix also has started takeout and delivery service.

Romano plans to open 50 to 100 units, but will not be specific about the timetable. He is looking to the Dallas market next, then California.

C'EST LA VIE, C'EST LA GUERRE, C'EST LA BITE

La Bite's, Denver. Projected 1986 sales: N/A. 2 units 1/1/87. Kevin Narans, president.

Light and nutritious food—endorsed by the American Heart Association—in an upscale atmosphere, is what Narans offers. The menu includes: broiled beef hamburgers; broiled turkey burgers; roasted chicken fillet sandwiches; tuna melts; vegetarian pita pocket sandwiches; fresh soups; yogurt shakes; a 40-item salad bar; multigrain buns; and natural sodas.

La Bite's primary target customer is the Yuppie, although its teddy-bear logo may draw a younger audience as well. The unit design includes a circular greenhouse. Seating is available for 110 patrons.

A public offering and franchising are in the works. Expansion markets are the Western United States, particularly California. *continued on page 116*

R&I EXCLUSIVE

■ 1986 GROWTH CHAINS

STEAKS

Famous independents kick their expansion plans into high gear.

ONLY THE NAME IS CONFUSING

Ruth's Chris Steak House, New Orleans. Projected 1986 sales: $20MM. 16 units 1/1/87. Ruth Fertel, founder and president.

It all began when Ruth Fertel bought Chris Steak House and added her own name to the front end. That was 1965. Next year, she will add as many as five more of her $1 million-plus units. That expansion pace will be maintained for a few years.

The menu is highlighted by steaks ranging from 8 ounces to 6 (that's right —six) pounds. It also lists seafood, chicken, seven different potatoes, fresh vegetables, salads and homemade desserts. Entrees range in price from $13 to $19. Average dinner check is $32, including a drink. Units seat 155 (smallest) to 350 (largest).

Relying strictly on word-of-mouth for advertising, the company operates units across the South, plus Washington, D.C., Arizona and California. Expansion is slated for Memphis, Charlotte, N.C., Chicago, Milwaukee and San Francisco.

Morton's of Chicago

RUTH'S CHRIS STEAK HOUSE®
U.S. PRIME ONLY
Home of Serious Steaks

WITH AGE COMES EXPANSION

Smitty's Steak Houses, Fort Myers, Fla. 1986 sales (fy end 9/30): $10MM. 5 units 1/1/87. Paul Peden, president. PC: Smitty's Taverns Inc.

Smitty's Taverns Inc. celebrates its 30th anniversary this year. And what better way to acknowledge such a milestone than by kicking its signature steakhouse concept into expansion gear?

Smitty's will have added two steakhouses by the end of the year and will add at least one more a year through the end of the century, or until it hits 20 units, whichever comes first. Growth is targeted for the company's existing Florida market.

Best known for prime rib and steaks, Smitty's now serves hefty amounts of chicken, veal and seafood. Prime rib still accounts for 34% of food orders, and dinner for 80% of sales. Average unit volumes are pushing $2 million, at an average dinner check of $12.50, not counting drinks. Alcoholic beverages are 20% of volume.

MORTON'S OF CHICAGO . . . AND DENVER . . . AND PHILADELPHIA . . . AND . . .

Morton's of Chicago, Chicago. Projected 1986 sales: $10.6MM. 5 units 1/1/87. Arnold J. Morton, president. PC: The Morton Group.

Chicago has a great reputation for steaks, and nobody has a better reputation for steaks in Chicago than Arnie Morton. His reputation is so good in fact that his latest units in Philadelphia and Washington, D.C., have done gangbuster's business. Systemwide, unit volumes are $2.5 million.

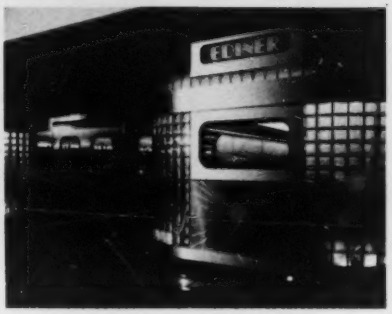
New units are slated for suburban Chicago, Dallas and Boston. San Francisco could fall into place after that. Porterhouse steak is Morton's best seller, but swordfish steak, chicken and lobster also do well. Repeat business is tremendous. Wine dominates alcoholic beverage sales, which accounts for 30% of volume. *continued on page 120*

R&I EXCLUSIVE

■ **1986 GROWTH CHAINS**

DINERS

Nothing could be finer than a taste of simpler times.



Ediner Inc.

DINNER AT EDINER

Ediner Inc., Edina, Minn. 1986 sales: $5.5MM. 6 units 1/1/87. Jack Seltz, chairman and CEO, Neal Wickert, president.

Look for a diner back in the '30s or '40s and you would have found it on a street corner, where most shopper's were bound to pass by. But what about the '80s? Because so many shoppers now congregate in malls, that's where Ediner Inc. has chosen to build its diners. "Some people might think it's a bastardization of the diner concept," says founder Jack Seltz, "but let's face it, it's where the people are."

Founded in 1983 after Seltz and his wife Susan grew restless with the teaching profession, Ediner was designed to be "as authentic as possible," says Seltz.

Customers appear to appreciate Seltz's concern for authenticity. Their patronage has helped the company to expand to six units. And Ediner just went public in September with an initial offering of $1.5MM.

Heartthrob Cafe & Philadelphia Bandstand

SOMETHING FOR EVERYBODY

Mick's, Atlanta. 3 units 1/1/87. Stephan Nygren, Robert Amick, Richard Dailey, principals. PC: Peasant Restaurants.

With its pink and blue neon lights and rock 'n' roll memorabilia, Mick's *looks* as if it is targeted to the ubiquitous Yuppie, but Steve Nygren says the place is designed to draw "from college kids to retirees. We even have a special children's menu," he continues.

The decor includes influences from the '40s, '50s and '60s. "We tried to stay away from a heavy diner or period theme so the place won't be passé in a few years," Nygren explains.

The first three Mick's, all company-owned, are in Atlanta. The first seats 100; second, 240; and third, 185. Look for two more this year.

HIGH-TECH '50s

Heartthrob Cafe & Philadelphia Bandstand, Philadelphia. 1986 sales: $3.25MM. 1 unit 1/1/87. Larry Spatz, chairman.

What once was an echo-filled boiler room in the basement of a 100-year-old Philadelphia mall now bounces with the sounds of dinner and dancing. Spatz took the 10,000-foot space and split it into two rooms: one a diner, the other a bandstand. He calls the decor "high-tech '50s. What we've done is taken the icons of the '50s and put them in an '80s and '90s setting."

Most popular items on the menu include hamburgers, and ribs. "But we offer a good variety of fish dishes, and salads do well, too," says Spatz. Checks average $6 at lunch; $11 at dinner.

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R&I EXCLUSIVE

■ **1986 GROWTH CHAINS**

FAMILY

Where the folks gather, the fare is hearty and the prices go down easy.

AUNT JULIE'S A WONDERLAND

Aunt Julie's Kitchen, San Antonio. Projected 1986 sales: $6.5MM. 3 units 1/1/87. Buzz Roman, chairman.

Buzz Roman describes Aunt Julie's Kitchen as a cross between Big Boy and Luby's in a Disneyland box.

While Roman is planning to add two units in 1987 and three or four the following year, he says he will not grow until existing units are profitable. "The key to growth is excellence in operation," he says.

Situated in old Cape Cod-style homes, the Aunt Julie's Kitchen theme has evolved from a coffee shop to a buffet operation. Roman compares the huge breakfast buffet volume to that of Shoney's. Lunch features an all-you-can-eat garden bar that includes two soups, eight vegetables, salads, biscuits and muffins.

Sytje's Pannekoeken Restaurants

SAY SYTJE'S PANNEKOEKEN

Sytje's Pannekoeken Restaurants, Edina, Minn. Projected 1986 sales: $9.5MM. 9 units 1/1/87. Todd Novaczyk, CEO. PC: Chabot Management Inc.

Envision Dutch lace curtains, Delft china, a Dutch windmill and warm aromas from Holland. Welkom to Sytje's (pronounced sigh-ches) Pannekoeken Restaurants. From decor to cuisine, they have recreated the atmosphere of an authentic, traditional Dutch dining experience.

The signature pannekoeken entree comes from the land that has been called "as flat as a pancake." It is an oven-baked, light, puffy pancake that waitresses run to the table so customers can watch it slowly deflate before their eyes.

A unit-offering circular has just been completed and plans are in the works to register for franchising in the upper Midwest by January 1987. Five franchises are planned for the second half of 1987. The franchise fee will be about $25,000 with 3% royalty.

Iron Skillet Restaurants

IRON SKILLET'S TRUCKIN' ALONG

Iron Skillet Restaurant, El Paso, Texas. Projected 1986 sales: $19.5MM. 15 units 1/1/87. John Colman, president. PC: jordinns of America Inc.

Truck stops are not just for truckers anymore. Iron Skillet Restaurants at Petro truck stops across the country are drawing big family business with their country-style "scratch" fare.

The 24-hour, 178-seat restaurants feature regional signature items at each location. At Louisiana units, the specialty is Cajun catfish. Arkansas stops feature chicken and dumplings.

The average dinner check of $4.95 has been a big factor in the truck stop's ability to draw family business. The parent company plans to add five additional units in 1987.

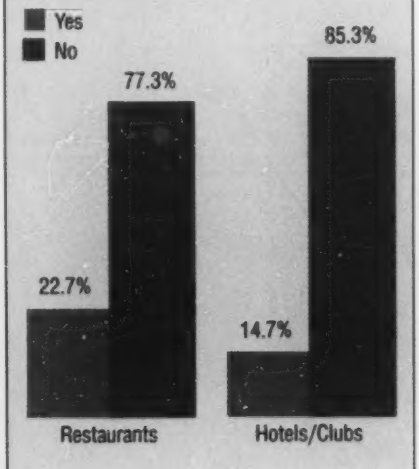
LIQUID ASSETS

R&I INTRODUCES BEVERAGE ALCOHOL INDEX

With this issue, *Restaurants & Institutions* introduces the Beverage Alcohol Index, an exclusive data base compiled from phone calls made to 150 foodservice operators across the country. Informational charts based on this data will appear in the Liquid Assets section on a regular basis.

"NO" TO RAISING PRICES!

The majority of 150 foodservice operators surveyed for the November Index said they've held the line on beverage alcohol prices in the past three months. Only 14.7% of hotel and motel operators raised prices, while 22.7% of restaurant operators instituted price hikes.



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■ **THIRSTS OF AMERICA**

A Beer Club Can Put You Ahead of the Competition

Customers who drink 24 of the 51 "Beers of the World" at Garfield's Restaurants in Oklahoma get a free prime rib dinner and their name placed on the restaurant's Beer Hall of Fame Plaque. A customer who samples 48

beers gets his name put on a bar stool. And anyone who tries all 51 beers (over any period of time) winds up with a monogrammed beer mug.

What happens if the restaurants run out of bar stools or mugs? "Not to worry," says owner Vince Orza. "We'll put the plaques up on the back bar or the ceiling. I hope we do run out of space—that means our customers are buying beer." Garfield's Beers of the World Club started in 1984.

The Screwdriver—a Yuppy Drink?

The screwdriver is the preferred drink of young professionals, according to a national market research study compiled on behalf of Smirnoff Vodka. The report reveals that the majority (69%) of Screwdriver drinkers are males, between the ages of 25 and 34, with annual salaries of at least $35,000. According to the report, 55% of Screwdrivers are consumed at home; 35% are consumed at bars and restaurants.

One explanation for the name of this popular drink comes from the Vodka Information Bureau. It seems an orange juice salesman in California asked a bartender to mix his product with vodka and serve it free to six customers. Five of the six voiced approval for the concoction. The sixth reportedly said, "Nix, brother. I'd just as soon swallow a screwdriver."

Cellar Rat or Wizard? Test Your Knowledge!

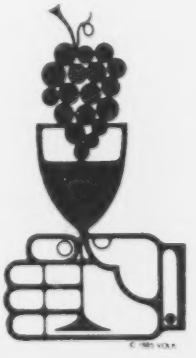
Want to test your knowledge about California wines? The California Wine Wizard Contest once again is seeking a Grand Wizard, someone who really "knows his stuff" about wine. The qualifying written test consists of 55 questions. Everyone completing the first 15 questions will be dubbed a Cellar Rat and will receive a prize just for submitting his test for scoring.

The contest is open to foodservice operators in states east of the Mississippi. Prizes include a California wine cellar and a tour of California's wineries.

This Cloud Has a Silver Lining

The heavy rains and floods of last winter have contributed to the prospects of a great vintage for the 1986 wine grape harvest in the Napa Valley, according to the director of winemaking at the Christian Bros. Winery. It is predicted that Cabernet Sauvignon will have a long, full ripening period that could rank 1986 among the greatest vintages for this variety. ***—C.S.***

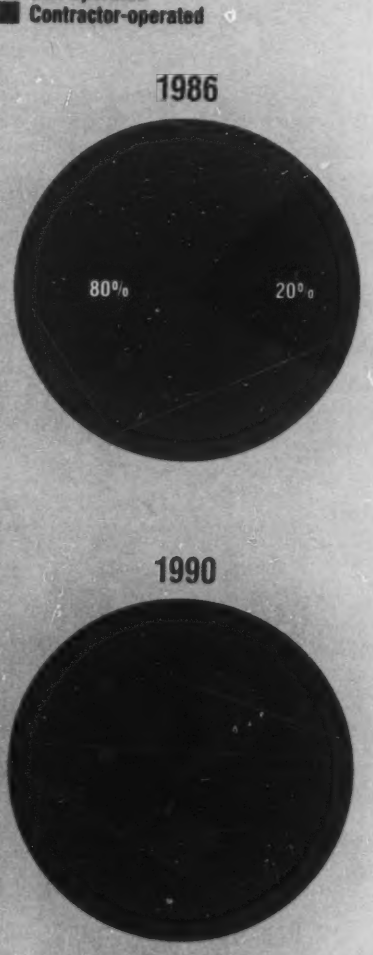
For information, see Action Express.



INSTITUTIONS

CONTRACTORS IN HEALTH CARE

How big will contractors' slice of the health-care pie be in 1990? With a 20% share now, contractors already have a foot in the door. And their promises of specialized services and controllable costs look to make that opening even wider. As diagnostic-related groups become fully implemented, this tremendously competitive market increasingly lends itself to penetration by contractors. Hospital administrators will have to weigh the benefits of self-operated vs. contractor-operated foodservice carefully before deciding which is best for their facility.



Figures are *R&I* estimates. Sources: ASHFSA, AHCA

■ **POINT/COUNTERPOINT**

Opposing Views: To Contract, or Not To Contract?

Hospital officials ask this question as contractor penetration of the health-care market increases

Gerald J. Scelzi, director of foodservice, Holy Name Hospital, Tea Neck, N.J.

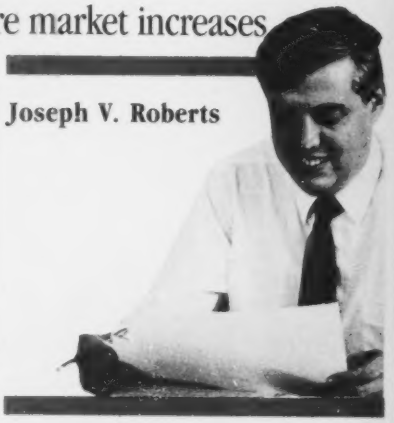
Food management companies promise quality, efficiency, high productivity and a cost-reduction program. But are these people proficient with your internal organizational structure, standards, personnel, and federal, state and local regulations? Or are they just using their marketing talents?

In today's highly competitive hospital market, I doubt many institutions are not staffed to handle their internal operations. All hospitals should use the talent that exists, or hire a staff that will do the job for less than a contracted service company.

Administrators must scrutinize all contracts and see if they can afford a "for-profit" package, or if they can run the department internally at a lower cost to their institutions. There are many well-trained and experienced food directors ready, willing and able to take on the challenge of this demanding industry.

As hospitals hire, train and retain staff members, in-house food directors will add to the morale of an institution and save budgeting dollars beyond your imagination. Why? Because their priorities are directed towards the hospital's interests, rather than profits.

Gerald J. Scelzi


Joseph V. Roberts

Joseph V. Roberts, president, Nutrition Management Services Co., Kimberton, Pa.

The business of food management has become very specialized. There's much more to it than just hiring a foodservice director.

Food management companies provide an entire foodservice support system. We provide nutritious food prepared using the highest quality standards. Our resources allow us to do this while maintaining cost effectiveness.

A hospital foodservice director can dazzle administration with what he thinks he knows, but most administrators have no way of evaluating what he says. And, although I agree that there are many well-trained directors, they are looking to develop a career. In three to five years, they're going to want to move on. Food management companies provide continuity.

Most food-management companies reduce a hospital's costs while operating at a profit of less than 3%. My company, for example, purchases $35 million a year in food and pays much less than an independent operator.

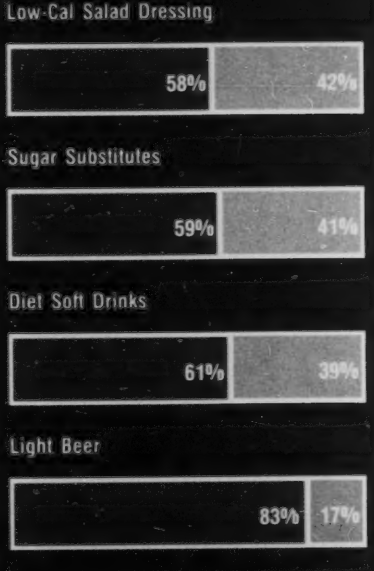
Contractors have proven their expertise in employee-dining operations, in colleges and in schools. Now health-care administrators are becoming aware of the benefits we offer. **—P.E.**

FOOD

R&I DATA

"DIET" FOODS
NOT JUST FOR DIETERS

According to the NPD Group, a marketing and research company, fewer people went on a diet last year because they consume low-calorie products as a way of maintaining a healthy life style.



Source: NPD Group

■ **HEALTHLINE**

Rosemary Preserves Food and Love, Too

Preservatives, no matter what some activists claim, are necessary in order to keep foods from spoiling and to preserve their fresh taste.

The ancient herb rosemary is a powerful and safe antioxidant. It performs the same function that chemical synthetics such as BHA and BHT do. But the problem of adding rosemary flavor to food has kept manufacturers from using it. Now, two Rutgers University chemists have found a way to extract rosemary's preservative benefits without its strong, biting flavor.

Chemists Stephen Chang and Chi-Tang Ho diluted the extract to 0.02% and found it especially useful in preserving oils such as orange oil in soda pop. And it is more stable chemically than the synthetics, they say. They also have tested it and claim it takes 10 times the amount of rosemary extract as synthetics to reach a toxicity level. (Almost any substance is toxic if enough is ingested.)

Rosemary, like cloves, oregano, sage and ginger, has been used for centuries to preserve food. It was thought to preserve love itself in the Middle Ages (*American Health*, August 1986).

No More Chinese Restaurant Syndrome

For more than a decade, anecdotal experience has linked symptoms of burning, tightness or numbness in the chest, neck or face with eating Chinese food. Coined "Chinese Restaurant Syndrome," the culprit alleged to cause these symptoms is monosodium glutamate. Now, a new study of self-identified MSG-responders has found that the MSG link is not supportable and that Chinese Restaurant Syndrome may be a misnomer.

Dr. Richard A. Kenney, professor of physiology at George Washington University Medical School, published his study in the July issue of *Food and Chemical Toxicology*. He concluded, "Double-blind testing of individuals who identify themselves as suffering the 'syndrome' has failed to confirm the role of MSG as the provocative agent."

Kenney contacted more than 30 individuals during a period of five years for this study. Of the 30, he tested six individuals who felt sure they reacted adversely to MSG and had developed such a level of personal concern that they were prepared to undertake the necessary days of testing. Two of those subjects reported tightness of the face, tingling of the hands or warmth behind the ears to both the MSG solution and the MSG-free solution. The remaining four subjects reported no response.

Heart Association Revises Healthy Diet

Who doesn't want a healthy heart? Appealing to the public's desire to remain healthy, the American Heart Association has written new guidelines that are more specific than ever before.

The new guidelines lower the recommendation on total fat intake and address alcohol and salt consumption in detail for the first time. The new guidelines recommend that a person's total intake of fat of all kinds be limited to less than 30% of all calories. The previous Heart Association recommendation was that fat should be 30%-35% of calories.

The revised guidelines also recommend that sodium intake be limited to 1 gram for every 1,000 calories consumed and should not exceed 3 grams daily. Three grams of sodium equal about one level teaspoon of table salt. The previous guidelines said only that people should reduce sodium intake.

Alcohol guidelines recommend that people should not drink at all, but if people do, it should not be more than 1½ ounces a day. —*N.B.*

American Heart Association

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